

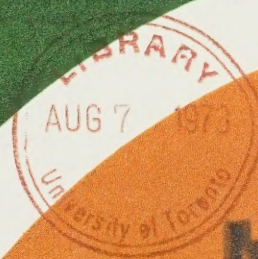
# SUMMER OUTLOOK

## JUNE 1973




Agriculture  
Canada

CA1  
DA23  
-575

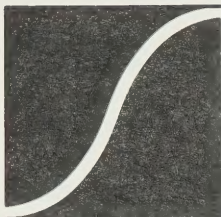






Digitized by the Internet Archive  
in 2022 with funding from  
University of Toronto

<https://archive.org/details/31761115517302>



## **SUMMER OUTLOOK JUNE, 1973**

### **Participating economists:**

**T.A. BENNETT  
J.H. BERRY  
A.M. BOSWELL  
J.S. CARMICHAEL  
A.J. de LEEUW  
J.D.F. KIDD  
N.L. LONGMUIR  
J.G. LUSSIER  
V. McCORMICK  
P.J. MOORE  
B.W. PADDOCK**

**produced by the  
Market Outlook Section,  
Marketing and Trade Division,  
Economics Branch,  
Agriculture Canada,  
Ottawa K1A 0C5.**

SUMMER OUTLOOK  
JUNE, 1973

PLEASE NOTE

Reproduction of this material is permitted, provided full credit is given to the authors, the Branch and the Department.

Printed by the  
Miami Office, Bureau  
of Printing and Trade  
Education Branch,  
Department of  
Culture, Arts and  
Recreation, City of Miami

## FOREWORD

Last November an Outlook for the major agricultural commodities was presented at the Canadian Agricultural Outlook Conference. This Outlook was the final product of an assessment of the situation, including a series of regional meetings and a consulting process embracing various federal departments and agencies. Extensive data and statements including proceedings were subsequently distributed.

The Spring 1973 Outlook issues updated these documents and indicated what should or might be produced to maximize net farm income.

This Outlook (Summer 1973) is more of a general assessment of what the current situation is and what the producers appear to have done in reaction to recent events and policies. The Summer Outlook attempts to assess the situation as of the first part of June and broadly forecast the demand, supply and price prospects for the next few months. Again this year, statements on Farm Income and Food Retail Prices have been added at the midyear mark.

Details of the proposed United States anti-inflation program including the price freeze and possible export controls were not available in time for an appraisal of their implications to Canada.

G.J. Dobson, Director  
Marketing and Trade Division  
Economics Branch  
Agriculture Canada  
Ottawa, Ontario  
K1A 0C5  
June, 1973



## TABLE OF CONTENTS

|                        | Page |
|------------------------|------|
| OUTLOOK SUMMARY .....  | 1    |
| WHEAT .....            | 3    |
| FEED GRAINS .....      | 7    |
| OILSEEDS .....         | 10   |
| TOBACCO .....          | 13   |
| SUGAR BEETS .....      | 15   |
| SPECIAL CROPS .....    | 17   |
| FRUIT .....            | 19   |
| VEGETABLES .....       | 23   |
| BEEF .....             | 27   |
| HOGS .....             | 32   |
| SHEEP AND LAMBS .....  | 36   |
| DAIRY .....            | 39   |
| POULTRY AND EGGS ..... | 43   |
| FARM INCOME .....      | 49   |
| FOOD PRICES .....      | 53   |

# OUTLOOK SUMMARY

World production of wheat will be higher in 1973-74, but price levels are expected to remain high compared with recent years.

Canada may have less than desired quantities of feed grains in view of market demand on both export and domestic markets. Prices will remain high.

As world supplies of oilseeds are expected to increase over last year, prices will likely decline.

Production of flue-cured tobacco will be up from last year with a greater demand and higher prices.

A short sugar supply situation relative to demand will remain during 1973, with refined beet sugar prices at current high levels.

The 1973 crop of white pea beans is expected to decrease slightly with prices averaging higher than in 1972. A five percent reduction in the production of dry peas is expected for 1973 with a guaranteed minimum price of \$2.00 per bushel compared to \$1.80 per bushel in 1972. Supplies of buckwheat are low. Producers are contracting for the 1973 buckwheat crop at about \$2.50 per bushel No. 1 C.W. Production of mustard seed in 1973 is expected to remain about the same as last year with substantial price increases. Inspected acreage of pedigreed seed crops is expected to be down about five percent from 1972.

Prospects for fruit crops in B.C. are good. However, production may be reduced due to late fruit development in Eastern Canada, caused by unseasonal weather.

The outlook for vegetables in 1973 is cloudy. Cold and damp weather has delayed planting in many areas.

For the last half of 1973, prices and supplies of beef will average above 1972.

The beginning of an upswing in the hog production cycle is forecast for the last half of 1973. Prices will average above year earlier levels for the summer of 1973, but may decline in the fall to a level close to a year ago.

Supplies of sheep and lamb for the last half of 1973 are expected to average close to 1972 levels with prices averaging above the last half of 1972.

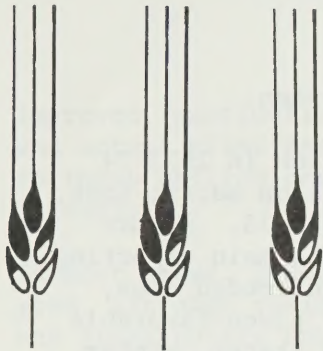
Milk production in Canada in 1973 is expected to be slightly below 1972. Fluid sales of milk and cream for fresh consumption are forecast to expand. Cheese production and domestic consumption are expected to increase from 1972, while butter production and consumption are expected to be below 1972 levels. Farm cash receipts for milk and cream will exceed 1972 levels, but will be largely offset by higher production costs.

Production of eggs will continue in plentiful supply with prices firm to advancing. Production of broiler chickens is increasing at an accelerating rate. Prices are not expected to advance during the summer. Turkey production in Canada is increasing. Prices for turkeys should strengthen to levels higher than a year ago.

In 1973, farm cash receipts from the sale of farm products and supplementary payments in Canada will likely increase significantly due to expected higher average levels of farm prices.

Retail food prices are expected to increase further during 1973, but at a slower rate than experienced during the past several months.





# WHEAT

J.S. Carmichael

World production will be higher in 1973-74, but price levels are expected to remain high compared with recent years.

The main aspects of the outlook for wheat are:

1. a sharp reduction in world wheat stocks by the end of the current crop year.
2. a substantial increase in world production in 1973, particularly among major exporters.
3. a reduction in world trade particularly because of reduced requirements by the USSR, but by other factors as well.

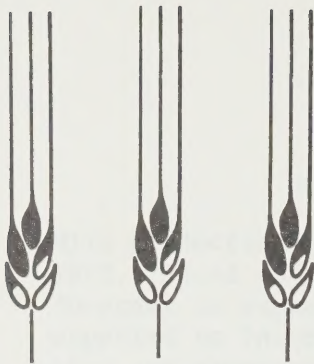
The quantities involved in the expected changes will influence world prices and Canadian wheat growers' prospects generally.

World wheat stocks will be sharply reduced by the end of the 1972-73 crop year. Stocks in the main exporting countries are expected to be less than 30 million metric tons (1.1 billion bushels) compared with almost 69 million tons (2.5 billion bushels) three years ago. Stocks will be at the lowest level since 1952.

In Canada, stocks of wheat, at March 31, 1973 were almost 200 million bushels below the level at March 31, 1972. By the end of the crop year, stocks could be down to less than 350 million bushels or almost 250 million bushels below year earlier levels.

In the United States, where the unprecedented crop year sales will approximate 1.2 billion bushels, stocks at crop year end are likely to be about 300-400 million bushels below last years' year-end levels and are likely to be less than 450 million bushels.

In Australia, stocks are at a very low level following two years of drought conditions. In the USSR, stocks are lower than desired and



rebuilding will likely be undertaken.

Forecasts of world wheat production in 1973-74 are for a record crop of 330 million metric tons, about 10 percent more than in 1972-73. Almost all of the increase will be in the main exporting countries and the USSR. Because of an increase in seeded area, Canadian production should be higher than in 1972 given favorable growing and harvesting conditions. In the United States, winter wheat production and spring wheat plantings indicate a record harvest which is estimated at 1,736 million bushels, some 190 million bushels more than last year. In the USSR, prospects are for a wheat crop substantially above the 1972 harvest, but probably below the large crops of 1970 and 1971. In Australia, moisture conditions have improved and increased wheat production is expected, but it will not be a factor in export markets until 1974. Forecasts for the EEC are for a slight decline from the 1972 level of wheat acreage. Droughts have reduced production to less than average in Mexico, Central America and some countries in Africa.

Estimates of world wheat trade in 1972-73 are unchanged from the earlier reported estimate of 69 million metric tons (2.5 billion bushels). World trade in 1973-74 is likely to be smaller because of the larger world crop and the smaller import requirement by the USSR. World trade is forecast at about 63 million metric tons (2.3 billion bushels), which is 11 million metric tons (400 million bushels) higher than two years ago. If production in 1973 reaches expectations, there will be a small build-up in stocks by the end of 1973-74.

Prices at the first of June were at high levels which will likely continue during the remainder of this crop year. Some seasonal easing back of prices will probably occur following harvest next fall. Prices in early 1974 are expected to be lower than present prices, but likely more similar to the relatively high levels of the early months of 1973 than to the low prices of a year earlier.

#### Canadian Situation and Outlook

As indicated in the Spring Outlook, Canadian wheat exports are likely to total about 600 million bushels in 1972-73 which with domestic use of about 170 million bushels, sharply exceeds the 1972 production of 533 million bushels. If carry-over is not greater than 350 million bushels, it will be the lowest carry-over in many years. To bring our supply position up to last years level would require an increase in production of more than 200 million bushels. This would require an increase in seeded area of seven million to eight million acres at normal yields.

Last year total wheat acreage in Canada was 21.3 million acres. The March 1973 intentions indicated an increase of only three million acres. However, since March, moisture conditions have



improved, particularly in Saskatchewan and actual plantings could be two million to three million acres more than reported intentions.



In most areas, growing conditions have been good, although spring was late. There are problems with wild oats and grasshoppers and at the end of May there were some dry areas, particularly in south eastern Alberta and western Saskatchewan.

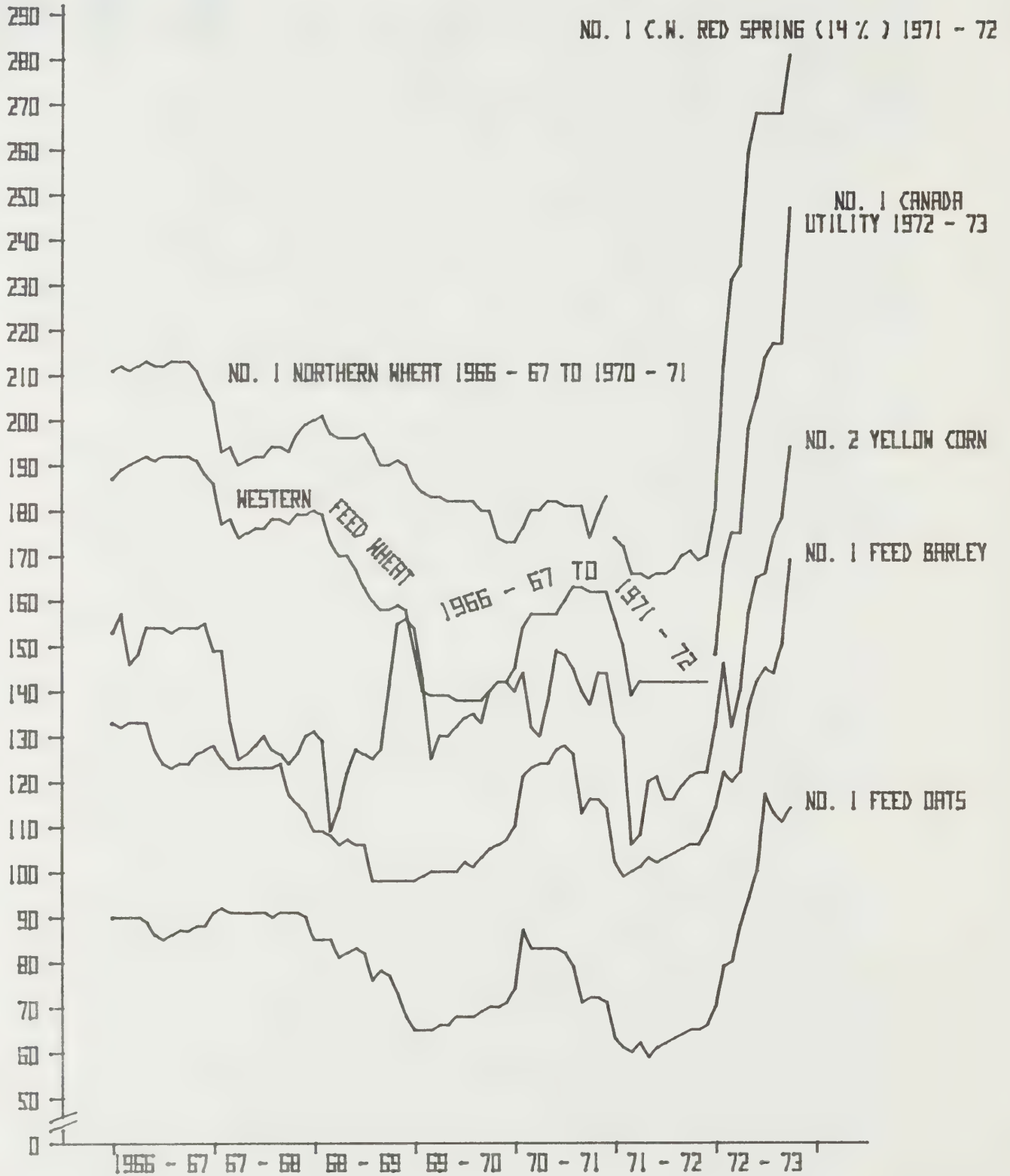
The Canadian Wheat Board indicated they will require 500 million bushels of spring wheat and 55 million bushels of durum wheat in 1973-74. With domestic utilization of about 170 million bushels, a production of about 700 million bushels will be required to meet prospective disappearance.

The initial payment for No. 1 C.W. Red Spring has been set at \$1.76 a bushel, the same level as the adjusted initial payment for 1972-73. Early in June, export prices were more than \$3 a bushel. This level may not be maintained, but relatively high prices are likely to prevail throughout 1973-74.

The Canadian Wheat Board on June 4, 1973 announced open delivery quotas for wheat during the remainder of 1972-73.

# MONTHLY GRAIN PRICES AT THUNDER BAY 1966 - 67 TO 1972 - 73

CENTS / BUSHEL



(CROP YEAR AUGUST TO JULY)





# FEED GRAINS

J.S. Carmichael

Canada may have less than desired quantities of feed grains in view of market demand on both export and domestic markets. Prices will remain high.

The 1972-73 world production of feed grains, including corn, barley, oats and sorghum, was about 576 million metric tons, 12 million metric tons less than the previous year. About 53 million tons is expected to enter world export trade. In recent years, world feed grain trade has increased by about 10 percent a year and a similar increase is expected in 1973-74.

Almost 60 percent of world feed grain exports in 1972-73 will have originated in the United States. Canada's share of world trade will be less than seven percent.

An increase in world feed grain production is expected in 1973-74. For the first time, world production could exceed 600 million metric tons. This increased production would be largely from the United States, some from the USSR, some from Australia and some from South Africa.

In the United States, where feed grain stocks are expected to be decreased by some 12 million tons at the end of the 1972-73 crop year, a special effort has been made to increase production. March seeding intentions indicated that the combined acreage of feed grains would total 122 million acres, six percent more than in 1972. Production of five to six percent above 1972 levels was not considered adequate to meet the export requirements and increased domestic requirements to feed a four percent increase in consuming animal units. As a result, the USDA reduced the set aside requirements so that an additional 13.5 million acres could be planted. While acreages will likely show an increase over March intentions, the increase is not expected to reach the desired level. An increase in corn production from 5.6 billion bushels last year to 6 billion bushels would appear to be necessary in the United States to meet home consumption and export needs.



United States corn futures prices (Chicago) for the period from July 1973 to May 1974 advanced very strongly in the two-week period ending June 2; July futures for 1973 increased about 40 cents to \$2.23 and May 1974 futures increased by 23 cents to \$1.96. These prices are much higher than those experienced in the blight year of 1970. The indications of high U.S. corn prices are of significance in the world feed grain price structure.

#### Canadian Situation and Outlook

In Canada, feed grain stocks have dwindled relative to last year. Barley, oats and rye stocks were estimated at April 1 to be below year earlier levels. Barley stocks in all positions were down by 6.1 million bushels to 405.0 million bushels; oats were down 30.6 million bushels to 196.4 million bushels and rye stocks were down by 3.4 million bushels to 16.9 million bushels.

Canada's share of the expanded world trade in feed grains will be sharply lower in 1972-73. Barley exports are well behind last years levels at this time and at the end of the year are likely to be 60 million bushels below last year's level of 230 million.

Prospects for a larger supply of feed grain in Canada in 1973-74 are not promising. The March acreage intentions indicated an eight percent increase in oats, two percent increase in barley, six percent increase in corn and a six percent decrease in rye. The increase indicated in corn acreage would result in an acreage somewhat less than that of two years ago. The intended increases in barley and oats acreage will not likely result in any increase in supplies considering stock reductions. It is possible that with improved moisture conditions, the acreage of feed grains might be increased above reported intentions and increased use of fertilizer might improve yields. However, indications are for a tight supply of feed grains in 1973-74. The March seeding intentions of 12.7 million acres of barley are less than the recommended acreage of 14 million. Late May reports did not indicate any increase in Alberta's acreage over March estimates. It seems likely that in Saskatchewan extra seeded acreage will go largely to wheat.

The price of all feed grains moved sharply higher in the two weeks ending June 2. Cash feed barley prices (basis Thunder Bay) moved up from \$1.65 to \$1.86; feed oats from \$1.11 to \$1.18; 1 CW rye from \$1.61 to \$1.90 and 3CE yellow corn (basis track shipping point) from \$1.89 to \$2.30.

The current feeling among traders appears to be for a continuation of strong prices for all feed grain throughout the current calendar year. December futures at June 2 for barley had moved up to about \$1.80 from \$1.60 two weeks earlier; oats moved up from \$1.09 to \$1.20 and rye from \$1.63 to \$1.85. These price indications together



with U.S. corn futures prices, which  
run for several months into 1974,  
indicate strong feed grain prices for  
1973-74.

On May 28, 1973, the Canadian Wheat Board  
announced open quotas for oats and feed wheat in all shipping blocks  
and on June 4, 1973 open quotas were announced for barley.





# OILSEEDS

B.W. Paddock

As world supplies of oilseeds are expected to increase over last year, prices will likely decline.

## World Outlook

In response to the high price levels for edible oilseeds in 1972-73, sharp increases in 1973-74 are likely to occur in the production of soybeans, with smaller production increases possibly forthcoming for peanuts and sunflowerseed. Palm oil production can also be expected to increase, particularly in Malaysia, as trees that were planted a number of years ago begin to produce. A continuing question in the outlook for protein meals is the extent to which Peruvian fish meal production will recover in the fall. Should the above-mentioned production increases materialize, world prices of oilseeds and oilseed products appear certain to decline from the high levels which have prevailed in the last half of 1972-73. World supplies of flaxseed and linseed oil are expected to be reduced in 1973-74. Production, although expected to increase, is not likely to be large enough to allow an increase in stock levels, except possibly in Argentina. Supplies are likely to be particularly tight until early 1974 when the Argentinian crop becomes available.

## Canadian Outlook

### Rapeseed

Exports and domestic crushing continue to be well ahead of last year. Farm deliveries to date (June 9) total 54.1 million bushels leaving an estimated 8.5 million bushels still on farms<sup>1/</sup>. A carry-over of 17 million bushels is expected. With quotas being open and prices relatively high, little of the carry-over is expected to be held on farms at the end of the crop year. Cash prices at Thunder Bay for the 10 months ending in May 1973 averaged \$3.15 per bushel and on June 12 reached \$5.07 per bushel.

---

<sup>1/</sup>A dockage level of 15 percent is assumed for rapeseed.



Intended acreage of rapeseed as of March 15 was 3.22 million. With normal yields, this would imply a crop of about 58 million bushels. Allowing nine million bushels for dockage and 15 million bushels for domestic crushing, export supplies could be about 54 million bushels. This would require a reduction in exports and/or carry-over at the end of 1973-74. Relatively short supplies of rapeseed in Canada and soybeans in the United States should assure continuing high prices for the balance of 1972-73, although wide fluctuations should not be ruled out. In 1973-74, increased world supplies of oilseed appear likely to result in lower prices for Canadian rapeseed. The December futures closed at \$4.35 on June 12. However, price could, move significantly lower if the United States acreage of soybeans reaches 54 million and soybean harvesting does not encounter unusual difficulties.



### Soybeans

Prices of soybeans at Chatham averaged \$4.16 per bushel from August to March. During that time, farm marketings totalled 12.726 million bushels. During the same period, soybean imports were down by 30 percent. Crushing of soybeans was three percent higher than the August to March period in 1971-72. Intended acreage of soybeans is 440 thousand, an increase of nine percent. Prices of Canadian soybeans, which are closely related to prices in the United States, will be sharply reduced from current high levels of around \$11 per bushel. The November futures contract for soybeans at Chicago closed on June 12 at \$6.60 per bushel. However, prices will likely move significantly below that level if the soybean acreage in the United States reaches 54 or 55 million bushels, which seems likely.

### Sunflowerseed

Crushing of sunflowerseed is running four percent behind last year's rate while exports to March 1973 are down by 19 percent as a result of reduced production in 1972.

Because of the improved outlook for wheat and feed grains, sunflowerseed acreage and production are likely to decline sharply. In Manitoba, where most of the sunflowerseed is grown, the acreage is expected to decline from 190 thousand to 100 thousand acres.

### Flaxseed

As a result of reduced supplies, Canadian exports of flaxseed are currently 28 percent behind last year's rate while domestic crushing is the same. Farm deliveries to date total 16.4 million bushels leaving an estimated 6 million bushels still on farms<sup>2/</sup>. A carry-over of eight million bushels is anticipated. With open quotas and high prices, a very low level of farm stocks is expected. Cash

---

<sup>2/</sup>A dockage level of 10 percent is assumed for flaxseed.



prices for flaxseed at Thunder Bay for the 10 months ending in May 1973 averaged \$4.20 and reached \$6.58 per bushel on June 12.

Intended acreage of flaxseed is 1.66 million, up 17 percent from last year. With normal yields, a crop of 21.5 million bushels can be expected. Allowing for dockage and domestic crushing of 2.2 and 2.5 million bushels respectively, export supplies would be 24.8 million bushels. This would require a reduction in 1973-74 of either carry-over stocks or exports by four million bushels. Flaxseed prices are likely to decline sharply in 1973-74. The December futures contract closed on June 12 at \$5.58 per bushel. Flaxseed prices, however, are likely to be sensitive to protein meal prices and consequently could easily drop below \$4.75 per bushel in late 1973 when the new crop of soybeans become available in the United States, particularly if soybeans acreage there reaches 54 million acres.





# TOBACCO

N.L. Longmuir

Production of flue-cured tobacco will be up from last year. With greater overall demand and higher prices, farm income will increase.

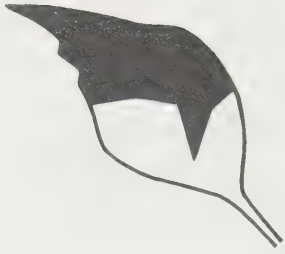
Ontario flue-cured tobacco planting was about 60 percent completed at the first of June. Wet weather has delayed the expected plantings of some 106,000 acres. With average yields, production should total about 250 million pounds of which 160 million pounds will be for domestic consumption and 90 million pounds for export. The United Kingdom import requirements have increased by about 20 percent to 71.5 million pounds.

Ontario growers are guaranteed a minimum price of 72.5 cents per pound compared to 66.5 cents per pound last year. The final auction price for 1972 averaged 77.99 cents per pound compared to 65.00 cents per pound in 1971.

In addition to the guaranteed minimum price to growers, a special one cent per pound levy based on domestic purchases will be used for a promotion fund to develop and expand export markets for flue-cured tobacco. This would amount to \$1.6 million.

Ontario burley plantings will be about 1,500 acres. With an average yield of 2,400 lbs about 3.6 million lbs will be produced. Of this about 230,000 pounds will be the heavy Green Briar type. The 1973 crop has been pre-priced at 52 cents per pound, up two cents from the 1972 contract price.

The production of flue-cured tobacco in Quebec for 1973 is expected to be about 11 million pounds based on average yields and 7,153 acres. This would be 49 percent more than the 1972 crop of 7,375,829 pounds. The 1972 average price was 56.1 cents per pound down from the previous year's price of 62.4 cents per pound. With improved demand and high quality leaf 1973 price prospects are good.



Cigar tobacco production in Quebec in 1972 was down due to poor growing conditions and it is anticipated that with the same acreage as last year (approximately 2,500 acres) the production for 1973 is expected to be up, provided that the weather remains good. Pipe tobacco production in that province in 1972 was 187,027 pounds, down considerably from 1971. The 1973 crop acreage is expected to be up to 550 acres, a 40 percent increase above 1972 acreage.

Maritimes production for 1973 is expected to be about 6.5 million pounds, although an increased yield could produce a crop as large as 7.6 million pounds based on the same acreage as last year. The 1973 pricing agreement is still undecided but the growers expect a better price than 65.5 cents that they received last year. A vote was taken on June 11, 1973 to decide if a marketing board should be formed for Prince Edward Island tobacco. The results were in favour of forming a P.E.I. tobacco marketing board.





# SUGAR BEETS

A.J. de Leeuw

A short sugar supply situation relative to demand will remain during 1973, with refined beet sugar prices expected to remain at current high levels.

Estimated world sugar consumption of about 77.5 million metric tons in 1972-73 is expected to exceed world sugar production by more than one million metric tons, which is the equivalent of about one and a half percent of world production. This tight supply-demand situation is reflected in the price of sugar. The London Daily Price (Canadian equivalent) for sugar increased from \$5.10 per hundredweight in the calendar year 1971 to \$8.05 per hundredweight in 1972. For the first quarter in 1973, the average London Daily Price was \$10.05 per hundredweight.

The acreage planted to sugar beets in Canada this year is approximately 76,400 acres which is about eight percent less than last year. The Quebec planted acreage is down to 6,700 acres from last year's level of 8,020 acres. Considerable loss may have subsequently occurred in Quebec because of the wet spring conditions after planting. In Manitoba and Alberta planted acreages are approximately 28,000 and 41,700 respectively, down 6.7 and 7.3 percent respectively from the 1972 levels. Dry conditions in Alberta during planting hampered germination, resulting in actual planted acreage being considerably less than the 43,000 acres originally contracted. Dry conditions prevented replanting in many areas of this province.

Sales of refined sugar (cane and beet) in Canada, during the first quarter of 1973, were about 532 million pounds, up ten percent from the same period in 1972. Of this sales figure, refined beet sugar represented 58 million pounds which is down almost one percent from the same period in 1972.

The world sugar supply situation is expected to remain short throughout the remainder of 1973. Domestic beet sugar prices to producers



are expected to average the same or slightly higher than the 1972 price level. Producer prices will not increase in parallel with the increases in the London Daily Price (L.D.P.) because Canada receives virtually all of its raw sugar imports

at the Supply Commitment Price during periods of high world sugar prices. Under the International Sugar Agreement (I.S.A.), exporting countries have undertaken to supply their traditional markets with their normal requirements at no more than the Supply Commitment Price. As of March 1973 this price was set at \$7.60 (U.S. dollars per hundredweight, basis f.o.b. Caribbean) or currently approximately equivalent to a L.D.P. of \$8.70 or \$8.37 c.i.f. Montreal. Because prices for refined beet sugar are directly linked to cane sugar prices and because of the Supply Commitment Price provisions in the I.S.A., producer prices may increase only slightly to reflect changes in freight rates.





# SPECIAL CROPS

N.L. Longmuir

## Dry Beans

A record 1.8 million hundredweight crop of white pea beans was produced in Ontario in 1972. About eight percent of the crop remains to be sold. Record high export sales accounted for 69 percent of the 1972 crop as compared with 60 percent of the 1971 crop (1.5 million hundredweight).

For the period August 1972 to March 1973 the export movements of white pea beans increased by 154 percent to 55.5 million pounds compared to the same period in 1971-72.

Producer returns will likely average about \$9.05 per hundredweight compared to the 1971 price of \$10.53 per hundredweight. Anticipating average yields the 1973 crop should be about 1.65 million hundredweight and the 1973 price could average higher than the 1972 price.

About 5,591 hundredweight of yellow-eye beans remain to be sold from the 1972 crop. Domestic sales were 6,560 hundredweight and export sales were 2,900 hundredweight. Producer returns are down from the 1971 crop price of \$13.08. The 1973 crop should be about the same as the 1972 crop (15,051 cwt). The price is expected to average \$12.05, about the same as the 1972 price.

## Dry Peas

Supplies of dry peas in North America are down sharply and no carry-over is expected. Exports of dry split peas and dry whole peas increased by 38 percent and 24 percent respectively, during the first quarter of 1973 compared to 1972. Moreover, export values also increased substantially.

The producer price for the 1973 crop has been guaranteed at a minimum of \$2.00 per bushel compared to \$1.80 per bushel in 1972. Despite higher contract prices there will probably be a reduction in acreage this year. Production is expected to be about five percent less than in 1972.



## Buckwheat

Supplies of buckwheat are low. Exports for the period August 1972 to March 1973 increased by 7.6 percent to 1.06 million bushels as compared to the same period in 1971-72. The value of exports during that period also increased by four percent to \$2.02 million. As a result of a strong demand producers are contracting for the 1973 crop at about \$2.50 per bushel No. 1 C.W. compared to \$1.75 per bushel last year.

## Mustard

Production of mustard seed in 1973 is expected to be about the same as last year (151.5 million pounds). A very large proportion of the crop was contracted at record prices of 7.5 cents per pound for yellow mustard and about six cents for brown and oriental types.

Exports for 1973 could be the same as 1972, although the price is expected to increase substantially.

## Seeds

Inspected acreage of pedigree seed crops in Canada is expected to be about 600,000 acres, down from last year by about five percent.

Exports of Canadian forage seeds from July 1972 through March 1973 were 50.7 million pounds, about five percent more than a year earlier. Total value of exports increased by 21 percent for the same periods. Field seed imports for the period July 1972 through April 1973 increased by 30 percent to 28.0 million pounds from a year earlier, supplementing low stocks.



# FRUIT

T.A. Bennett

Crop prospects for fruit crops in British Columbia are good with fruit development ahead of normal. In Eastern Canada, however, development of fruit crops is behind normal due to unseasonal weather. As a result, production levels may be reduced.

## Apples

Apple bloom has generally been good in all areas of Canada. In British Columbia, fruit development is ahead of normal and a good crop is anticipated. In the East, cool, wet weather has delayed development and hindered pollination. Spray programs have also been hampered by the wet weather and may result in some poorer quality fruit. Only a fair crop is anticipated at this time in Eastern Canada.

In the U.S., the only injury to the crop has been in the mid-west, and a good crop, in general, is anticipated.

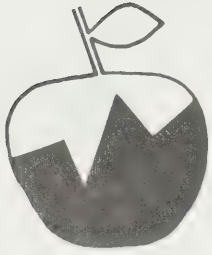
Although the 1972 Canadian apple crop was below the previous year, exports during the 1972-73 marketing year were appreciably above 1971-72, reflecting smaller crops in other countries. As illustrated in the accompanying graph, apple prices were at record levels throughout the 1972-73 marketing year.

Stocks of processed apple products are at very low levels. If the apple crop in 1973 is average, as is anticipated, the demand for apples for processing and for the fresh market will result in prices in the coming year only slightly below the 1972-73 record level.

## Grapes

Due to severe winter damage in British Columbia, only 50 percent of a normal crop is anticipated. Prospects in Ontario are for a good





crop with little injury reported. The American type (Labrusca) grape crop in the U.S. will be short with extensive damage reported in Michigan and other areas. The California crop (Vitis Vinefera), however, will be exceptionally good with labor problems clouding the final situation.

### Cherries

Sweet - An above average sweet cherry crop is anticipated in British Columbia. Ontario also anticipates a fair crop. What is believed to be the largest crop on record is anticipated in Washington and Oregon. This is leading to some concern by B.C. producers who fear lower prices as a result. The sweet cherry crop in the Eastern United States has been hurt considerably by spring frosts.

Sour (Tart) - A fair crop is anticipated in Ontario. The crop in the U.S. has been hard hit and may be down by one-third from last year. Processed stocks are low and prices in Canada should be relatively high, with a strong demand for processing.

### Peaches

The peach crop in Canada is shaping up well with an average crop anticipated. Stocks are low and processing demand is strong. In the U.S., the Southeast and Midwest have suffered losses. Michigan has also received damage. In total, the freestone crop will be above last year's level, but below average. The clingstone crop in California is anticipated to be near last year's level. As a result of the tree removal program initiated in that State, chronic over-production is being held in check.

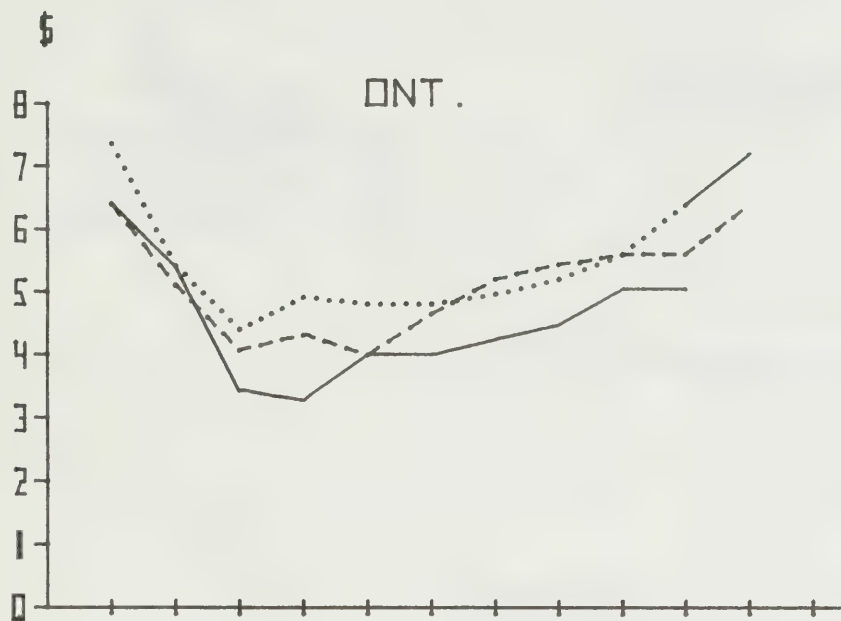
### Apricots

An above average crop of apricots is anticipated in Canada. The crop in British Columbia will be earlier than normal while the Ontario crop will be late. The U.S. crop will be down and producers are expecting price increases. Prices in Canada should be higher than average, but below 1972-73 levels.

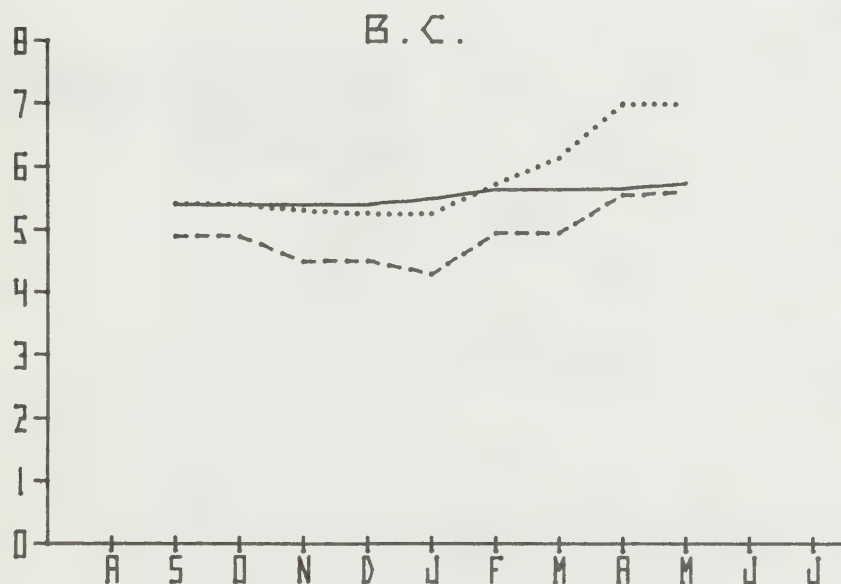
### Pears

A good crop of pears is anticipated in Canada in 1973. In Ontario, the crop will be below the large 1972 crop, but will still be of average size. Price levels in the 1973-74 marketing year should be above average, but below the 1972-73 levels.

# SELECTED FRESH APPLE PRICES <sup>1</sup>



MINIMUM PRICE TO RETAILERS  
IN WESTERN AND CENTRAL  
ONT. PER BX5 LB. POLYBAGS  
(EQUIVALENT).

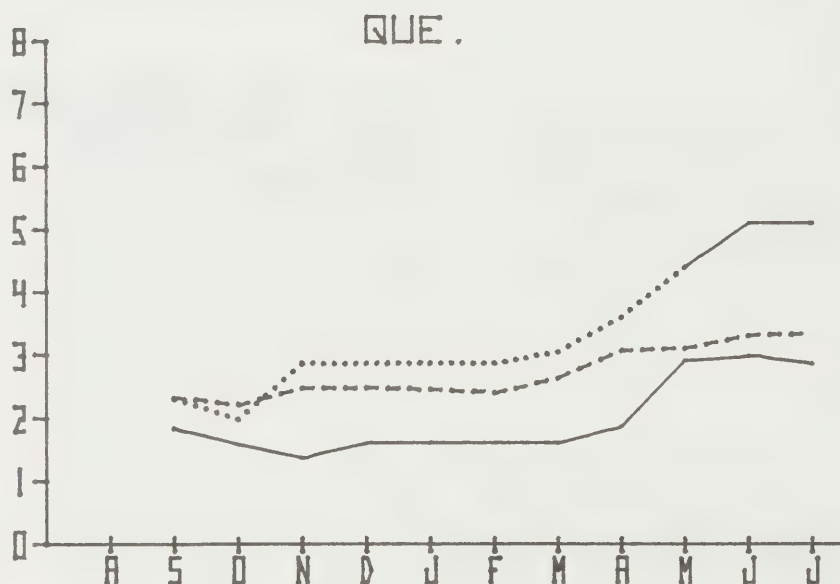
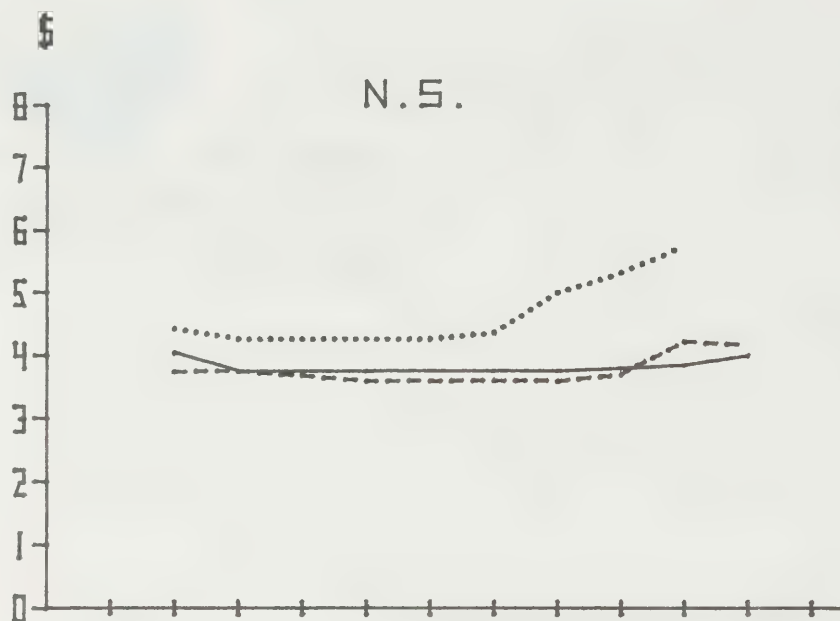


F.O.B. PACKINGHOUSE, OKANAGAN  
PTS, PER CELLPACK,  
96 - 120.

FANCY MCINTOSH      1970 - 71    -----  
                                 1971 - 72    \_\_\_\_\_  
                                 1972 - 73    .....      ACTUAL AND PRELIMINARY

<sup>1</sup> SOLELY FANCY GRADE AND SOLELY MCINTOSH EXCEPT N. S. GRAVENSTEINS  
(SEPT. ONLY) AND B. C. RED DELICIOUS (APRIL AND MAY ONLY)

# SELECTED FRESH APPLE PRICES <sup>1</sup>



FANCY MCINTOSH      1970 - 71    -----  
                                  1971 - 72    \_\_\_\_\_  
                                  1972 - 73    .....— ACTUAL AND PRELIMINARY

<sup>1</sup> SOLELY FANCY GRADE AND SOLELY MCINTOSH EXCEPT N.S. GRAVENSTEINS  
(SEPT. ONLY) AND B.C. RED DELICIOUS (APRIL AND MAY ONLY)





# VEGETABLES

T.A. Bennett

The outlook for vegetables in 1973 is cloudy. Cold and damp weather has delayed planting in many areas. Some producers may be forced to abandon earlier planting intentions.

## Potatoes

Western Canada is in a relatively good position with all intended acreage planted. Growing conditions have been generally good and a good crop is anticipated. Eastern Canada, especially eastern Ontario, Quebec and New Brunswick, has experienced a cold and wet spring which has delayed planting and retarded growth. Earlier planting intentions for 1973 by growers were for an acreage about equal to last year. However, as a result of the inclement weather, planting intentions may not be realized. Only an average or slightly below average crop can be anticipated for 1973.

In the U.S., a one percent increase in acreage is indicated. However, potato areas in the U.S. have also experienced cold and wet weather and the crop potential is not clear.

During the 1972-73 marketing season, demand was heavy for the reduced crop. Exports were appreciably above the previous year, processing volume was high and prices rose to record high levels as indicated by the accompanying graph. In 1973-74, the processing volume is expected to remain high with prices at relatively high levels.

## Other Vegetables

Most vegetable crops in Western Canada are in good shape and progressing well. Normal crops are anticipated in that region. However, the eastern part of the country is experiencing difficulties with planting and crop development due to cold and abnormally wet weather. Tomato planting is behind schedule and many crops are late. There is some concern that vegetable crops for processing, such as

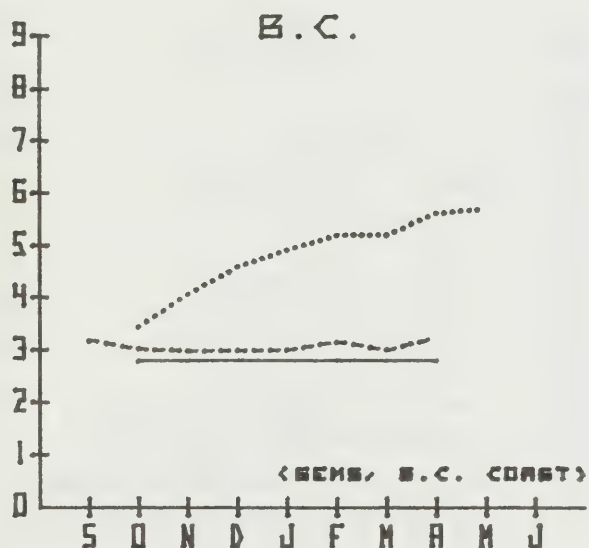
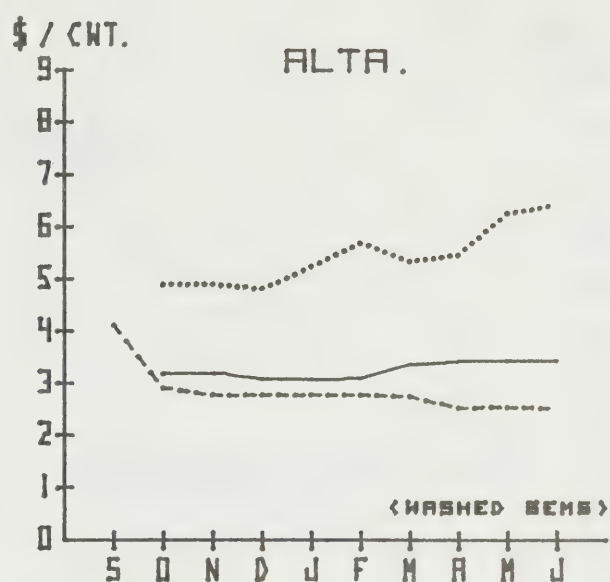
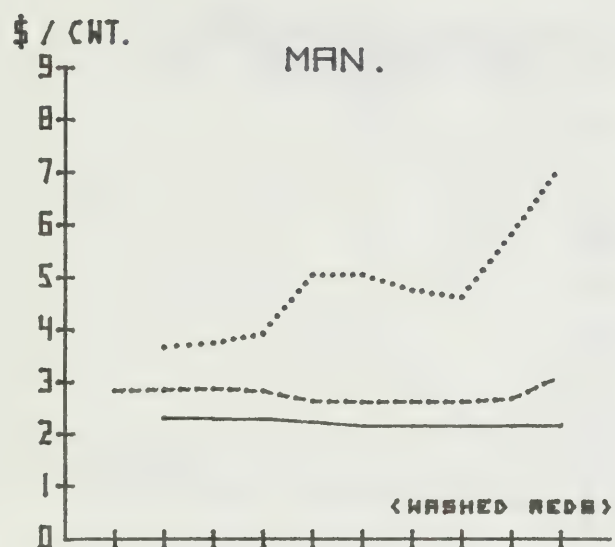


peas, may mature late and all at one time causing gluts that the processors cannot handle. This may further cut the outlook for some processed vegetable products.

Stocks of most processed vegetable products are very low in both Canada and the United States. Intentions to contract by processors in Canada for the 1973 season were generally above the acreage contracted in 1972. However, because of adverse weather conditions, the intended acreage for processing may not be realized. Contract prices are generally above last year's level.

In the U.S., grower planting intentions for the eight major processing vegetables indicates a nine percent increase in acreage.

# POTATOES: AVERAGE BULK PRICE<sup>1</sup> TO GROWER



CANADA NO. 1 GRADE

1970 - 71    -----  
 1971 - 72    \_\_\_\_\_  
 1972 - 73    .....

<PRICES BETWEEN AREAS MAY NOT BE  
 DIRECTLY COMPARABLE>

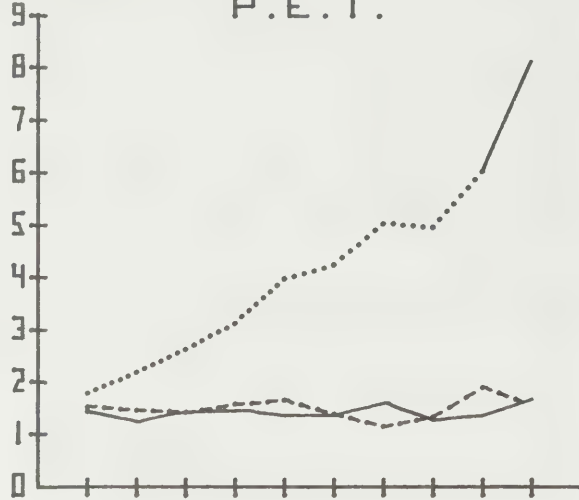
<sup>1</sup> F.O.B. SHIPPING PT. PRICE LESS 30¢ / CWT.



# POTATOES: AVERAGE BULK PRICE TO GROWER

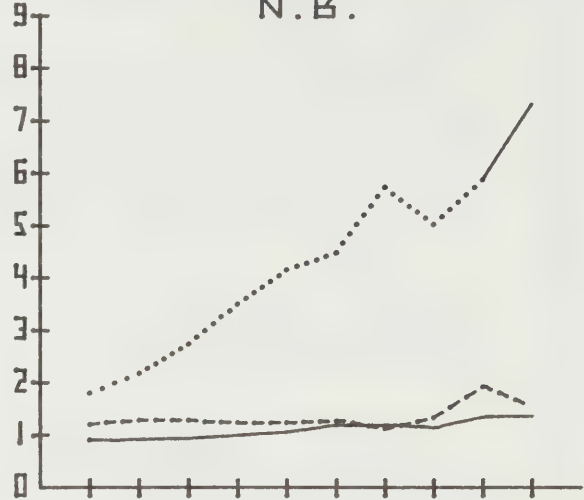
\$ / CWT.

P.E.I.



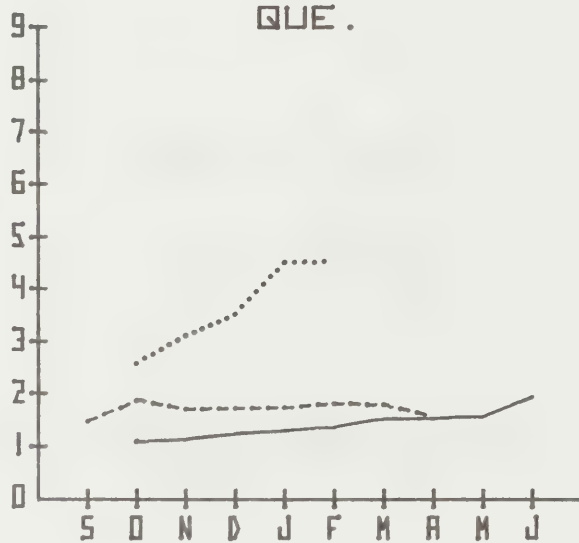
\$ / CWT.

N.B.



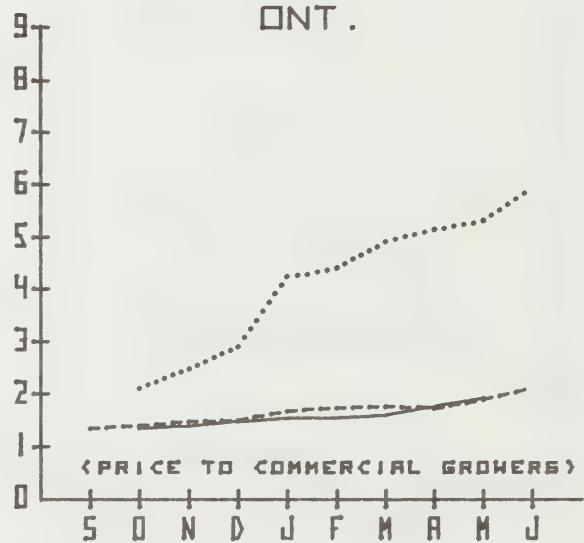
\$ / CWT.

QUE.



\$ / CWT.

ONT.



< PRICE TO COMMERCIAL GROWERS >

CANADA NO. 1 GRADE WHITES

1970 - 71

-----

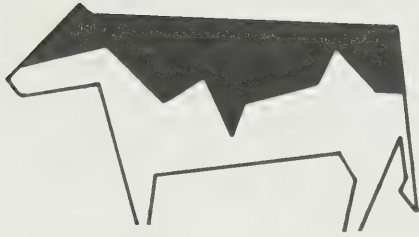
1971 - 72

—————

1972 - 73

..... ACTUAL AND PRELIMINARY

< PRICES BETWEEN AREAS MAY NOT BE DIRECTLY COMPARABLE >



## BEEF

A.M. Boswell

J.H. Berry

For the last half of 1973, prices and supplies of beef will average above a year earlier.

### Situation

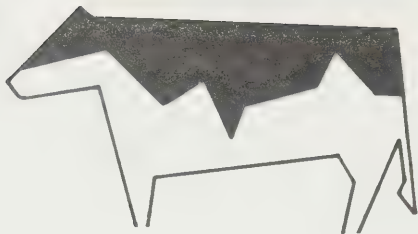
In Canada and the United States, commercial beef output (by weight) rose 3.4 and 2.4 percent respectively in 1972, compared to the previous year. Farm cash income from cattle and calves increased by 11 percent in Canada in 1972, to \$1.2 billion.

Canadian beef consumption reached a new high in 1972, after remaining somewhat stationary since the mid 1960's. Per capita beef consumption, at 92.5 pounds in 1972, was 5.6 pounds above 1971, reflecting a strong consumer demand. Higher beef production in Canada and increased imports account for most of the rise. This sudden increase in beef consumption was associated with sharply higher cattle prices in 1972.

At Toronto in 1972, Choice steers averaged \$37.20 per cwt. and Good slaughter cows \$26.60, up 8 and 17 percent respectively from 1971. The general shortage of domestic manufacturing beef and the much higher prices for manufacturing beef from Australia and New Zealand, major exporters to Canada, account for the sharp increase in slaughter cow prices.

For the period January - May 1973, compared with the same period one year ago, federally inspected cattle slaughter (head basis) was up only 1.8 percent in Canada, but down three percent in the U.S. During the same period, carcass weights in Canada averaged about five pounds below last year, and in the U.S. they remained about the same as in 1972.

During the first five months of 1973, some unusual developments affected the North American cattle market, adding to the uncertainty



in the outlook for the balance of the year. Slaughter to the end of March this year, compared to one year ago, was up over six percent in Canada and two percent in the U.S. However, slaughter in both countries during April and early May dropped more than 10 percent from one year earlier. This reduction in spring

slaughter was in contrast to an expected increase. It reflects in part such factors as the severe late winter weather slowing gains in many feedlots, renewed increases in feed costs, particularly protein supplements, and the price uncertainty connected with the consumer meat boycott, especially in the U.S.

In both Canada and the U.S., fed cattle prices rose rapidly from January 1973 to March (Table 1 and Figure 1). Prices during April showed some weakness with marketings sharply lower, largely in response to market uncertainties. Through May, there has been renewed price strength from April levels.

Table 1: A1, A2, Steer Prices, Toronto, and Choice Steer Prices, Omaha.

|           | Toronto <sup>1/</sup> |                     | Omaha          |                     | Toronto over Omaha |                    |
|-----------|-----------------------|---------------------|----------------|---------------------|--------------------|--------------------|
|           | 1972                  | 1973                | 1972           | 1973                | 1972               | 1973               |
|           | (Can. \$/cwt.)        |                     | (U.S. \$/cwt.) |                     | (\$/cwt.)          |                    |
| January   | 37.33                 | 42.19               | 35.74          | 40.62               | 1.59               | 1.57               |
| February  | 37.40                 | 43.45               | 36.19          | 43.35               | 1.21               | 0.10               |
| March     | 37.36                 | 44.77               | 35.13          | 45.55               | 2.23               | -0.78              |
| April     | 36.53                 | 44.71               | 34.53          | 44.80               | 2.00               | -0.09              |
| May       | 37.31                 | 45.56               | 35.66          | 45.69 <sup>P</sup>  | 1.65               | -0.13 <sup>P</sup> |
| June      | 38.13                 |                     | 37.88          |                     | 0.25               |                    |
| July      | 38.12                 |                     | 38.21          |                     | -0.09              |                    |
| August    | 36.83                 |                     | 35.66          |                     | 1.17               |                    |
| September | 35.20                 |                     | 34.85          |                     | 0.35               |                    |
| October   | 35.40                 |                     | 34.85          |                     | 0.55               |                    |
| November  | 37.28                 |                     | 33.56          |                     | 3.72               |                    |
| December  | 38.55                 |                     | 36.79          |                     | 1.76               |                    |
| Year      | 37.19                 | 44.14 <sup>2/</sup> | 35.83          | 44.00 <sup>2/</sup> | 1.36               | 0.14 <sup>2/</sup> |

<sup>1/</sup> Choice Steers 1972, A1, A2 Steers 1973.

<sup>2/</sup> Simple average for five months.

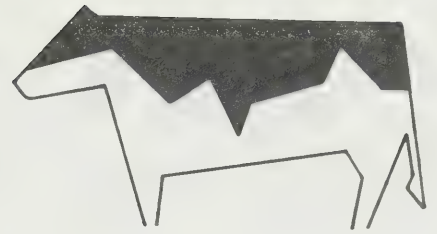
<sup>P</sup> preliminary.

#### Outlook

In Canada, increases in fed cattle slaughter for the last half of 1973, compared with 1972, may not be as large as earlier expected. From October 1972 to May 1973, nearly 100 thousand head of feeder



cattle (200-700 pounds) were exported to the U.S., compared with nearly 16 thousand head for the corresponding period one year earlier. Allowing for only a modest increase in female slaughter, mainly cows<sup>1/</sup>, and little change in carcass weights, overall domestic beef output in the last half of 1973 is unlikely to average more than three to four percent above the output in the last half of 1972.



According to the U.S.D.A., on April 1, 1973 there were five percent more cattle on feed in the U.S. than one year earlier. All of this increase was comprised of steers, with heifers on feed at the same level as last year, another indication of continuing herd expansion. Cow slaughter in the U.S. to the end of April, 1973, was up five percent from year earlier levels and is expected to average moderately above 1972 levels for the balance of this year. According to the U.S.D.A., total U.S. beef production is expected to be up about three to five percent in the last half of 1973, compared to the last half of 1972.

U.S. officials indicate that fed cattle prices in the U.S. may weaken this summer from late spring levels, but they should hold fairly close to May levels of \$45-\$46 for Choice steers at Omaha. This would be well above the July-September average of \$36.24 per cwt in 1972. U.S. fed cattle prices are expected to decline seasonally in the fourth quarter of 1973, but will average well above the 1972 level of \$35 for Choice steers at Omaha. Specific price predictions at this point are rather hazardous in light of market performance in recent months. Moreover, the U.S. price ceiling<sup>2/</sup> on wholesale and retail levels of beef indirectly places a ceiling on slaughter cattle prices which, for Choice steers, is estimated to be in the \$46-\$47 range.

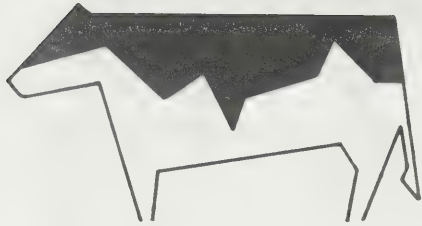
For the balance of 1973, fed cattle prices in Canada will continue to closely follow levels established in the U.S. market<sup>3/</sup>. Prices at Toronto may be expected to continue within about \$1 of prices at Omaha, as they have done since February, 1973. Thus, A1, A2

---

<sup>1/</sup> In Canada, for January-May, 1973 heifer slaughter is down 1.9 percent and cow slaughter up 2.6 percent from the same five months of 1972.

<sup>2/</sup> On March 29, 1973, the U.S. government announced a ceiling on the wholesale and retail prices of beef, veal, pork and lamb. Ceiling prices are based on the 30 day period ended March 28. Each firm determines the ceiling price for each item below which 90 percent of its sales were made.

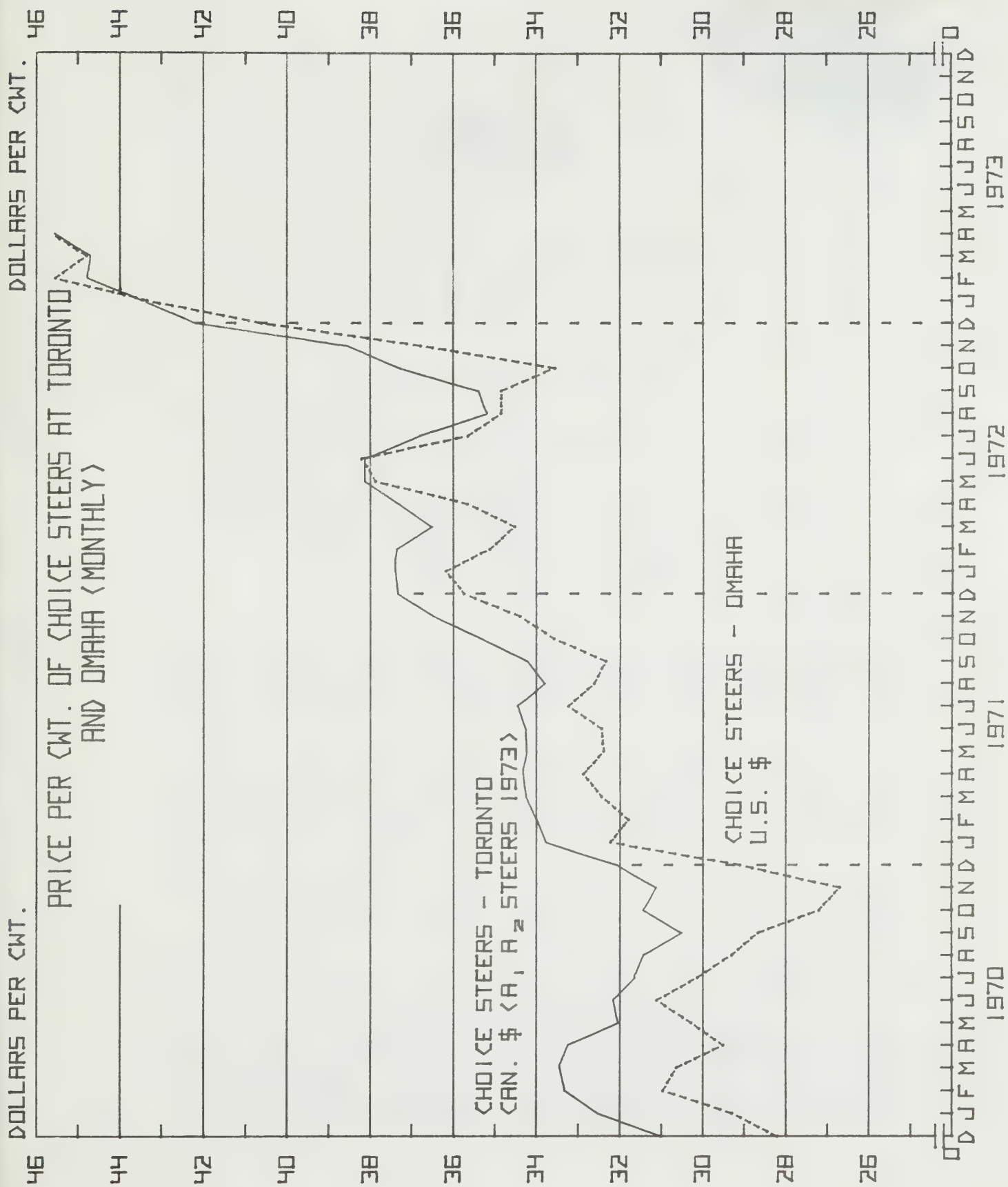
<sup>3/</sup> The temporary tariff reductions announced by the Canadian government on February 19, 1973 included the removal of all duties on imports of fresh and frozen beef, pork, lamb and mutton, and also livestock for slaughter. For canned meats the tariff was reduced.



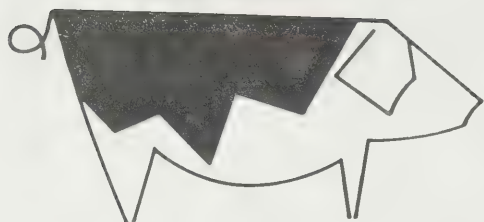
steer prices at Toronto may also weaken slightly this summer from late May levels of \$47.00 per cwt. Reflecting the U.S. market, fall prices at Toronto can be expected to average below summer levels, but will remain well above the October-December 1972 average of \$37 at Toronto.

In both Canada and the U.S., feeder cattle prices, which also rose to record levels in March this year, can be expected to continue to favor beef herd expansion in 1973. The key to the movement of feeder cattle prices during the balance of this year will be changes in fed cattle prices. Feeder cattle prices in 1973 may follow a more normal pattern of declining through summer and fall.

FIGURE 1







# HOGS

A.M. Boswell  
J.H. Berry

The beginning of an upswing phase in the hog production cycle is forecast for the last half of 1973. Prices will average above year earlier levels for the summer of 1973, but in the fall may drop to a level close to that of one year ago.

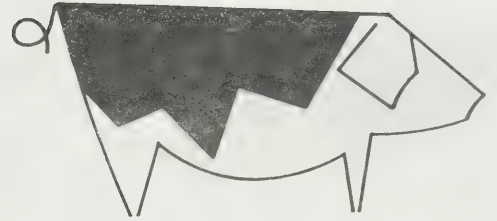
## Situation

In Canada and the U.S., hog slaughter in 1972 was 7.5 and 9.2 percent respectively below 1971 levels, with the decline occurring throughout the year. Farm cash income from hogs rose 30 percent in Canada in 1972, to \$576 million.

During the first five months of 1973, the downswing phase of the North American hog slaughter cycle continued. Although production has not been cut back as sharply from year earlier levels in Canada as in the U.S., the trends are basically the same.

In Canada, hog slaughter for January-May this year was 5.6 percent below the same period in 1972, with nearly equal decreases in the East (5.2 percent) and the West (6.0 percent). In the U.S., hog slaughter to the end of May this year averaged 7.9 percent below the corresponding period of 1972.

In Canada and the U.S., hog prices to the end of May this year have continued to show dramatic increases over last year's levels (Table 1 and Figure 1). In both countries, prices advanced rapidly from January to March but dropped back in April, both seasonally and in response to market uncertainties. During May renewed price strength occurred in both Canada and the U.S.



Changes in traditional market indicators do not fully explain the winter level of pork demand and prices. The unprecedented demand for all meats, including pork, along with increased pork exports to Japan<sup>1/</sup> from both Canada and the U.S., helped in part to strengthen North America hog prices during the past winter.

While the increase in pork exports is not large in relation to production, it tended to tighten supplies in North America.

Table 1: Dressed Hog Prices; Index 100 at Toronto and Barrows and Gilts at 7 U.S. Markets.

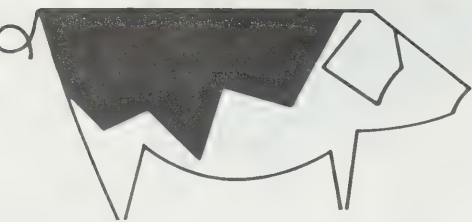
|           | Toronto<br>Index 100 |                     | 7 U.S. Markets <sup>1/</sup><br>Barrows and Gilts |                     | Toronto over<br>7 U.S. Markets |                    |
|-----------|----------------------|---------------------|---|---------------------|--------------------------------|--------------------|
|           | 1972                 | 1973                | 1972  | 1973                | 1972                           | 1973               |
|           | Can. \$/cwt          |                     | U.S. \$/cwt                                       |                     | \$/cwt                         |                    |
| January   | 31.58                | 45.76               | 32.26   | 42.22               | -0.68                          | 3.54               |
| February  | 34.38                | 49.64               | 33.26   | 47.05               | 1.12                           | 2.59               |
| March     | 33.99                | 52.69               | 30.60   | 49.52               | 3.39                           | 3.17               |
| April     | 33.27                | 47.50               | 29.73   | 46.18               | 3.54                           | 1.32               |
| May       | 34.89                | 48.93               | 32.88   | 47.00 <sup>P</sup>  | 2.01                           | 1.93 <sup>P</sup>  |
| June      | 36.56                |                     | 34.73   |                     | 1.83                           |                    |
| July      | 38.99                |                     | 37.10   |                     | 1.89                           |                    |
| August    | 40.39                |                     | 37.48   |                     | 2.91                           |                    |
| September | 40.46                |                     | 37.79   |                     | 2.67                           |                    |
| October   | 40.74                |                     | 36.48   |                     | 4.26                           |                    |
| November  | 41.21                |                     | 36.09   |                     | 5.12                           |                    |
| December  | 43.95                |                     | 39.97   |                     | 3.98                           |                    |
| Year      | 37.39                | 48.90 <sup>2/</sup> | 34.75   | 46.39 <sup>2/</sup> | 2.64                           | 2.51 <sup>2/</sup> |

<sup>1/</sup> Dressed price calculated at .77 ratio from live prices.

<sup>2/</sup> Simple average for five months.

<sup>P</sup> Preliminary.

<sup>1/</sup> For January-March 1973, pork exports from the U.S. to Japan totalled 52 million pounds, compared with 11 million pounds for the same period a year ago. In Canada, for the same period, pork exports to Japan totalled 10.7 million pounds in 1973 and 2.9 million in 1972. Canada's exports of pork to all countries for January-March 1973 at 23.9 million pounds was only 1.2 percent above the same period in 1972. Imports of pork to the end of March 1973, at 16.7 million pounds, are up sharply from the same period in 1972 by 12.2 million pounds.



## Outlook

The downswing in the North American hog production cycle, which commenced in late 1971, will soon end.

For the three week period ending June 9, 1973, hog gradings in Canada and federally inspected hog slaughter in the U.S., were both down only 2.9 percent from the same weeks in 1972.

Signs of the forthcoming upswing in hog slaughter have been later occurring and rather less pronounced than might have been expected in view of favourable returns since early 1972 and the historical response of production to returns. While feed costs have been a factor, increased hog prices have generally more than offset higher feed costs. However, there well may be a willingness by some farmers, particularly in the U.S. Midwest and Western Canada, to accept the high prices for grains rather than accept the work and risk associated with increased hog production.

In the last half of 1973, Canada's increase in hog slaughter from levels in the last half of 1972, is expected to be fairly moderate, probably two to four percent, with much of the increase occurring in the fourth quarter. In May, the U.S. Department of Agriculture predicted that U.S. slaughter in the second half of 1973 will run four to six percent above the last half of 1972.

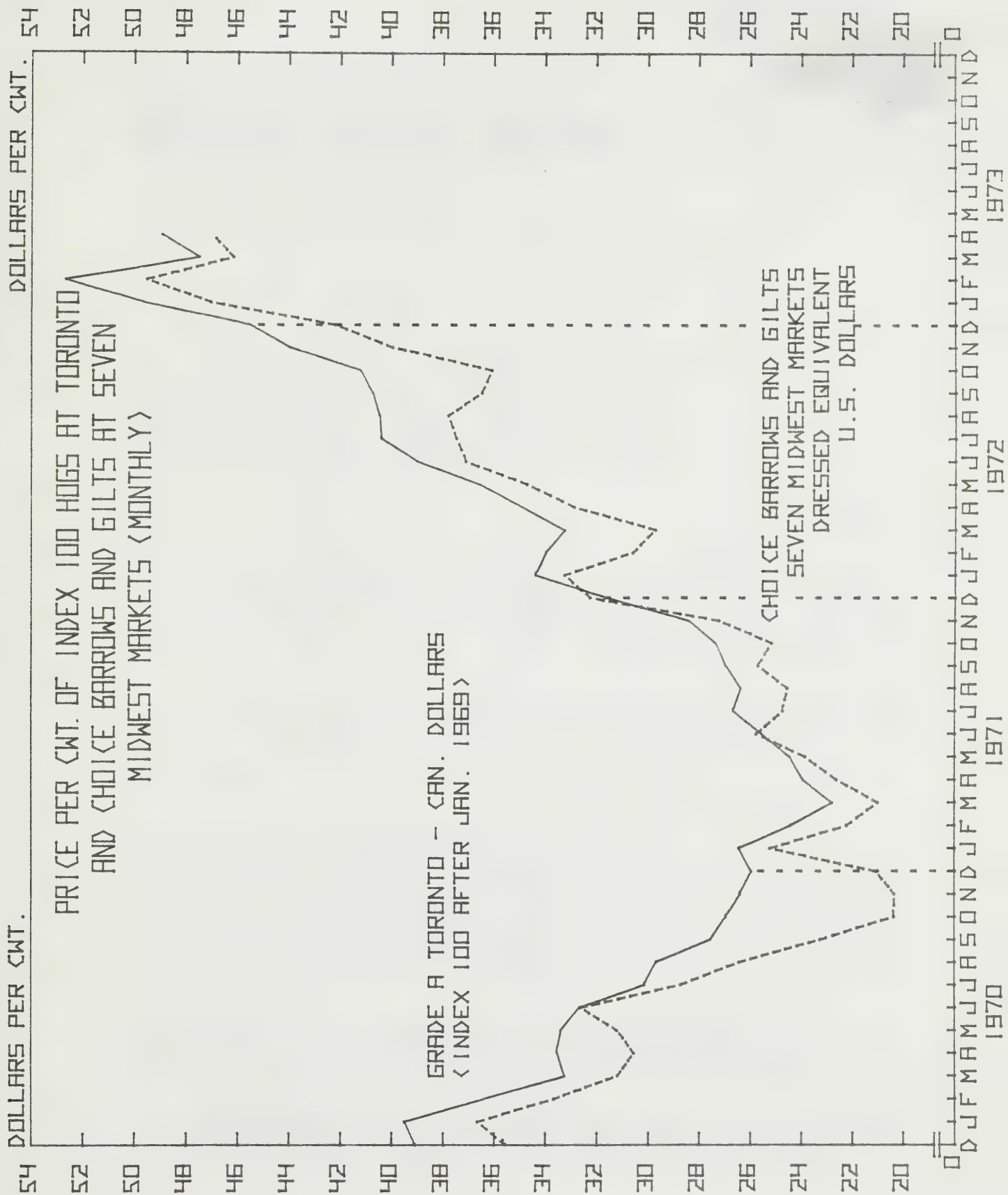
North American hog prices can be expected to decline from summer to fall. Through the summer of 1973, hog prices in both Canada and the U.S. are expected to remain well above 1972 summer levels but below the high March levels. Prices are expected to weaken in the late summer and fall as slaughter increases both seasonally and above 1972 fall levels.

In Canada, hog prices will closely follow the trends as established in the U.S. market. The prices of index 100 at Toronto this summer may average in the \$45 - \$48 range per cwt (\$40 for July - September 1972) but weaken towards fall. The 1972 fourth quarter price at Toronto can be expected to average close to or below the \$42 level of 1972.

Under the above supply conditions, the hog price prospects therefore look favourable through the balance of 1973. However, the trend in feed costs along with consumer demand will be important influences on forthcoming profit levels.

Hog producers in North America can be expected to have increased farrowings this summer and fall. At least a moderate expansion in farrowings is likely with higher increases during the latter part of the year. This suggests higher slaughter and lower hog prices in 1974 compared with 1973.

FIGURE 1







# SHEEP AND LAMBS

J.H. Berry

Supplies of sheep and lamb for the last half of 1973 are expected to average close to year earlier levels, while prices can be expected to average above levels in the last half of 1972.

## Situation

Canada's sheep and lamb industry in 1972 was characterized by a moderate increase in output, a substantial increase in slaughter lamb prices and a very sharp increase in the price of wool. Farm cash income from the sale of sheep and lambs rose 13 percent above 1971 levels, to \$8.9 million.

Federally inspected slaughter of sheep and lambs in Canada on a head basis, was 4.7 percent higher in 1972 than in 1971, while commercial slaughter rose only 1.1 percent on a head basis, and 4.5 percent on a weight basis. In the U.S., federally inspected and commercial slaughter declined 4.1 and 3.4 percent respectively in 1972 from year earlier levels.

For the first five months of 1973, federally inspected slaughter in Canada increased 8.5 percent above 1972 levels. An increase of this magnitude is somewhat surprising, as sheep numbers on farms continue their downward trend. Part of the increase is probably explained by a trend toward slaughtering an increasing proportion of Canada's lambs in federally inspected plants, as well as increased live imports from the U.S.

In the U.S., federally inspected slaughter continues its downward trend. For January - May 1973, federally inspected slaughter was 9.8 percent below 1972 levels.

Lamb prices in both Canada and the U.S. rose substantially in 1972 over 1971. Prices for the first five months of 1973 were sharply

above prices for the same months of last year (Table 1). Lamb prices rose much in step with rising beef and pork prices, reflecting the general buoyant consumer demand for red meats. Canada's per capita consumption of mutton and lamb rose to 4.6 pounds in 1972, from 3.3 in 1971 and 3.7 in 1970.

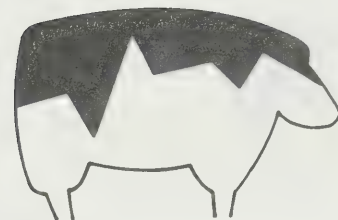


Table 1 - Slaughter Lamb Prices: Good Lambs at Toronto and Lethbridge, and Choice Lambs at San Angelo, Texas

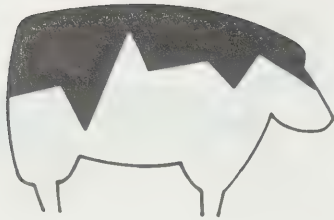
|           | Toronto     |       | Lethbridge |       | San Angelo  |       |
|-----------|-------------|-------|------------|-------|-------------|-------|
|           | 1972        | 1973  | 1972       | 1973  | 1972        | 1973  |
|           | Can. \$/cwt |       |            |       | U.S. \$/cwt |       |
| January   | 31.80       | 39.12 | 23.88      | 28.62 | 27.19       | 35.75 |
| February  | 33.40       | 42.37 | 25.02      | 31.41 | 28.69       | 39.12 |
| March     | 36.33       | 46.97 | 27.36      | 36.18 | 32.00       | 43.17 |
| April     | 36.73       | 44.49 | 28.96      | 35.56 | 31.12       | 39.50 |
| May       | 46.80       | 46.88 | 29.24      | 35.27 | 33.75       |       |
| June      | 41.73       |       | 31.97      |       | 32.88       |       |
| July      | 35.51       |       | 27.54      |       | 33.31       |       |
| August    | 33.05       |       | 26.12      |       | 31.52       |       |
| September | 31.17       |       | 23.48      |       | 29.44       |       |
| October   | 32.15       |       | 23.71      |       | 28.50       |       |
| November  | 33.71       |       | 24.96      |       | 28.52       |       |
| December  | 35.08       |       | 26.64      |       | 30.42       |       |
| Year      | 34.73       |       | 25.55      |       | 30.70       |       |

## Outlook

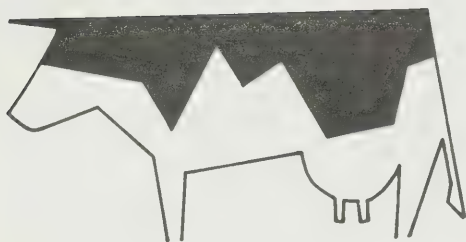
Canada's production of sheep and lambs in the last half of 1973 is not expected to be significantly different from 1972 levels, although increased imports of live lambs from the U.S. may account for a small increase in commercial slaughter. It must be noted, however, that any significant flock expansion will result in a significant decline in immediate slaughter. In the U.S., sheep and lamb slaughter is expected to continue below year earlier levels in the second half of 1973, possibly by five percent or more.

Lamb prices for the balance of 1973 will continue above year earlier levels in both Canada and the U.S. Prices should decline seasonally in the summer and for the remainder of 1973 should continue below the very high spring levels.

Wool prices are expected to remain strong in light of a good demand and low world stocks. World wool production in 1972 declined for the fourth consecutive year. Production was one percent below 1971



and six percent below the 1968 high. However, the recent favourable price conditions are encouraging flock expansion in major wool producing countries. For this reason, 1973 production is expected to show some increase from 1972 levels.



# DAIRY

V. McCormick

Milk production in Canada in 1973 is expected to be slightly below 1972 and will likely total about 17.6 billion pounds. Fluid sales of milk and cream for fresh consumption are forecast to continue to expand. Cheese production and domestic consumption are expected to increase from 1972 levels. Cheddar cheese exports will decline. Butter production and consumption are expected to be below 1972 levels. Skim milk powder production will not exceed 1972 output. Farm cash receipts for milk and cream will exceed 1972 levels, but will be largely offset by higher production costs.

Current milk production in Canada is running lower than previous forecasts indicated. High feed prices and poor quality forage crops have contributed to reduced milk output in several main milk producing areas in Eastern Ontario, Quebec and the Atlantic Provinces. In several key areas, cows were late being moved onto pasture because of wet, cold weather conditions. In some areas, cows were in poor physical condition when moved to pasture.

High prices for veal and beef and a brisk export demand for dairy and purebred cattle have led to some reduction of the dairy herd. This reduction has had some effect on milk output in certain areas. The non-availability and high costs of reliable farm labor is reported to be hampering production in many areas. The numbers of milk shippers, particularly those with smaller herds, continue to fall.





Preliminary estimates indicate that milk output in the January-April period was down 4.2 percent from the similar 1972 period.

However, milk production is expected to pick up in June in areas that were badly hit by adverse weather and crop conditions in 1972, thus continuing the upward trend which was interrupted a year earlier. Production increases are forecast to occur in Ontario and the Western Provinces, except in Saskatchewan. Output in Quebec will probably be below 1972. In order to reach 1972 levels, Quebec output in the June-December period would have to run about five percent above the similar 1972 period to offset estimated losses which occurred in the first five months of 1973. Production in the Atlantic Provinces may not approach 1972 levels. Total milk output in Canada in 1973 is forecast at 17.6 billion pounds, about one percent below 1972 levels.

Higher prices for fluid milk and higher support prices for dairy products will contribute to higher farm cash receipts in 1973 than the \$779 million realized in 1972. The gain, which may be around ten percent, will be largely offset by increased production costs, particularly for feed.

Volume sales of milk and cream for fluid consumption are expected to increase 2.5 percent to 3.0 percent from 1972 levels. The trend towards low-fat fluid products is expected to continue.

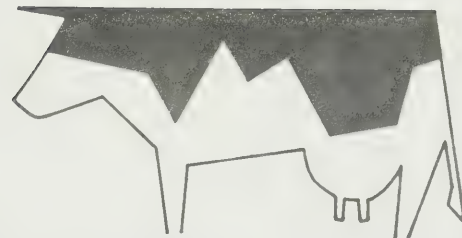
Cheddar cheese production will likely increase slightly from the 192 million pounds produced in 1972. Domestic demand for cheddar has been strong to date, reflecting the high prices of other protein foods. This trend is expected to continue for the next several months. Cheddar cheese consumption may reach 175 million pounds in 1973, an increase of more than five percent from 1972 levels. Purchases of cheddar by United Kingdom buyers have been declining since 1971. Cheddar exports to all countries are not likely to exceed eight to ten million pounds in 1973 unless there is some clarification of the uncertainty re. the competitive position of Canadian cheddar on the United Kingdom market.

Production and consumption of other types of whole milk cheeses are expected to increase. Cottage cheese will continue to move moderately above 1972 levels.

Production and consumption of ice cream mix is expected to continue to increase by about two percent. Production of concentrated whole milk products will likely show little change, but consumption may decline slightly.

As butter and skim powder are the residual products in the total available milk supply, production of these products will be affected by the milk flow in certain areas in Quebec and Eastern Ontario during the coming months. If milk production in 1973 decreases one percent

from year earlier levels, creamery butter production will likely be around 280 million pounds, a decline of four percent from the 1972 output. Domestic consumption is forecast at about 307 million pounds, down 10 million pounds or three percent from 1972. Some imports will likely be required to meet domestic consumption needs during the winter months, when supplies are normally low.



Skim milk powder output, reflecting the expected butter output, will not likely exceed the 1972 level of 343 million pounds. Domestic usage of skim milk powder is not likely to be more than 100 million pounds. The exportable surplus of skim powder, although less than previously forecast, will be over 215 million pounds.

Prices for skim powder on world markets will likely be lower than in the latter half of 1972. Skim powder exports are expected to require export assistance in 1973.

#### Dairy Policy

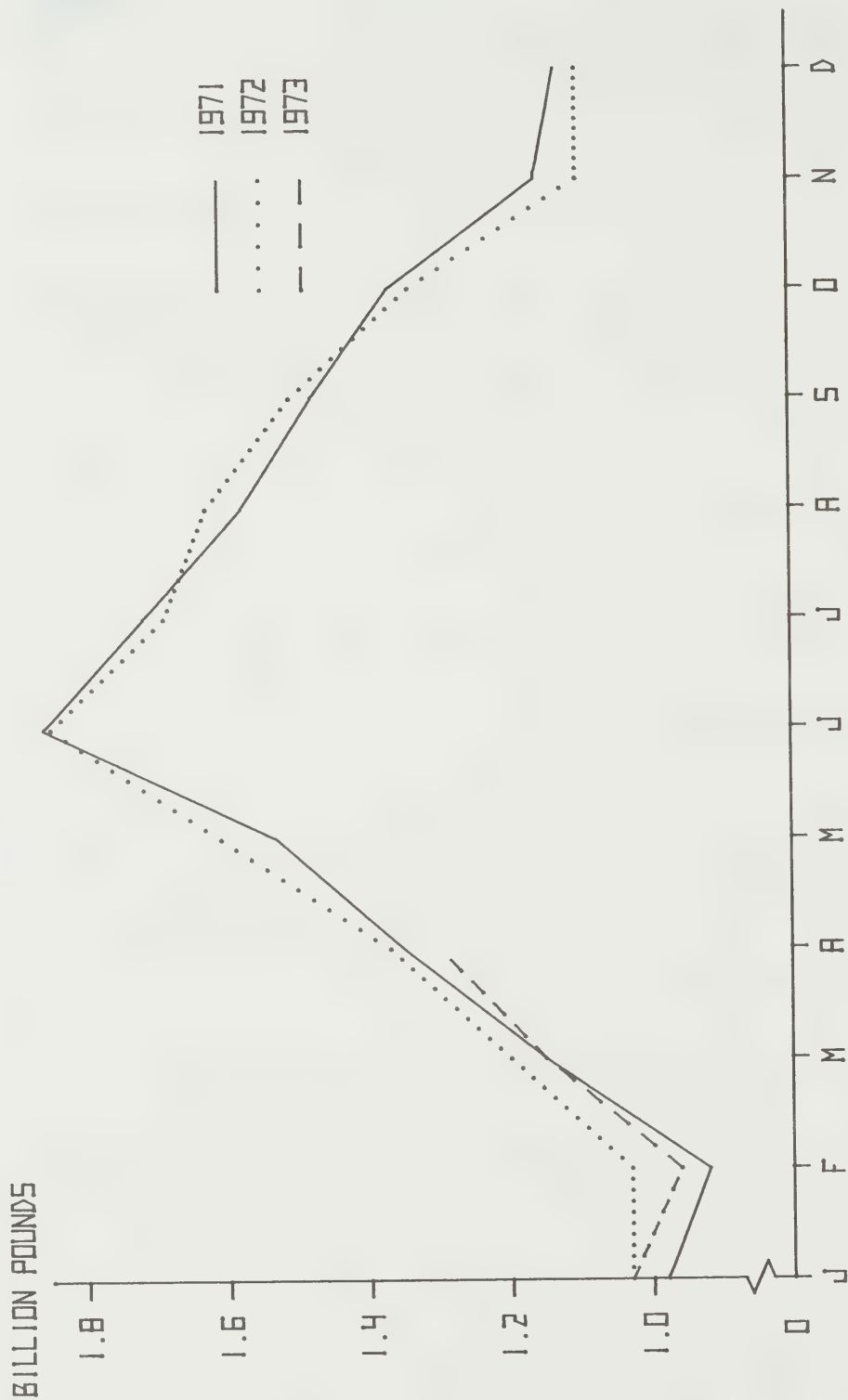
The Federal Government, through the Canadian Dairy Commission, continues to support the dairy industry in 1973-74 by direct subsidy payments to producers of industrial milk and cream and market support for butter, cheese and skim milk powder.

Offer-to-purchase prices for dairy products by the Canadian Dairy Commission for the 1973-74 dairy support year, beginning April 1 (with 1972-73 prices in brackets) are as follows: butter, 71 cents per pound (68 cents); skim milk powder, 35 cents per pound (29 cents); cheddar cheese, 60 cents per pound (54 cents). (The market price for cheese has been above the support levels since mid-1971). The changes in support prices were designed to increase producer prices about 60 cents per 100 pounds of industrial milk.

The Federal subsidy on industrial milk and cream for quota deliveries for 1973-74 was increased 20 cents per 100 pounds of milk testing 3.5 percent butterfat, or 5.71 cents per pound of butterfat, from 1972-73 levels. This brings the current rate to \$1.45 per 100 pounds of milk, or 41.42 cents per pound of butterfat. The levy or holdback on milk shippers' delivery quotas is 30 cents per 100 pounds, an increase of 20 cents from 1972-73 levels. The increase was necessary to meet increased costs of moving skim milk powder to export markets. There is no levy on within-quota cream deliveries.

In the provinces where market sharing arrangements are in effect - Ontario, Quebec, Prince Edward Island, Manitoba, Saskatchewan and Alberta - the levy on milk deliveries in excess of market sharing quota is unchanged from 1972-73 at \$1.50 per 100 pounds of milk and 22 cents per pound of butterfat on excess cream deliveries. The holdback on milk deliveries in excess of subsidy quota, in provinces not under the market sharing plan, remains at \$1.05 per 100 pounds of milk and five cents per pound of butterfat on cream deliveries.

# FARM SALES OF MILK AND CREAM < IN TERMS OF MILK > CANADA, 1971-1973





# POULTRY AND EGGS

J.G. Lussier

Production of eggs will continue in plentiful supply but a buoyant market in the U.S. plus disposing of excess supplies to breakers by marketing boards will keep prices firm to advancing this fall.

Production of broiler chickens is increasing at an accelerating rate and stocks are building up. Prices are not expected to advance during the summer.

Turkey production is increasing in Canada and levelling off or decreasing in the U.S. Canadian stocks are relatively low. Prices should strengthen and be at much higher levels than a year ago.

## Eggs

Egg production so far this year is very close to what it was a year ago. However, beginning in June it is likely to be larger than a year ago, because the Fowl Disposal Program of June 1972 which was successful in reducing egg production will not be repeated in 1973. Fowl disposal through registered stations has been 2.5 percent greater from January to May 1973 than it was in 1972.

From June to August layer numbers are expected to decrease by one million to 25 million head. During September and October, 6,260,000 replacement pullets are expected against a normal mortality and slaughter of 4,050,000 for a net addition of 2.2 million layers to a total of 27 million.

The rate of lay tends to be slightly lower than a year ago. One reason could be that laying rations are being altered to lower protein





levels in order to save rising costs of protein supplements.

Prices of eggs in Canada have advanced since the beginning of the year from 45.2¢ per dozen to 47.5¢ per dozen (weighted for all grades) and are likely to remain firm and even advance during the third and fourth quarters of 1973. The main reasons are that U.S. egg production is still on a down-swing and their prices are likely to climb during the summer and fall. In addition, the provincial egg marketing boards are removing eggs from the market and disposing them to the breakers both in Canada and in the U.S. Exports of shell eggs during January to May amount to 151,911 cases compared to 5,231 cases for the same period in 1972. This removal of eggs is likely to be more costly to the particular marketing boards concerned during the next several months unless the application of quotas becomes much more strict. On the other hand, the boards' maximization of returns to farmers has resulted in a 42 percent increase in the value of shell eggs marketed during January-April 1973 to \$64,134,000 from \$45,170,000.

It is expected that the disappearance of egg products will be greater than a year ago. Egg prices to breakers are not expected to lower and production of egg products will remain static.

The total production of eggs is expected to vary from 1,226,000 dozen per day to 1,320,000 dozen per day. This will likely be much above the needs during June, October and November, and slightly above the needs for July and September, but in balance for August.

The domestic disappearance of shell eggs from January to June first 1973 amounted to 3,962,370 cases, a decrease of 3.5 percent from the same period in 1972.

#### Broiler Chickens

Broiler chicken production has been going up at an accelerating rate since the beginning of the year. Production to the end of May is seven percent ahead of a year ago. June to August production is expected to be ten percent greater than the similar period of 1972. Marketings of broiler chicken should reach 167.2 million pounds during June to August 1973, compared to 151.5 million in 1972 when disappearance amounted to 151.2 million pounds. Stocks of broiler chicken were above 22 million pounds on June 1, 1973 and stocks of roaster chickens were at 6.5 million pounds. Both broiler and roaster chicken stocks were very high for the season.

The price of broiler chicken is much higher than a year ago and has been increasing since January, staying consistently well above the U.S. price, by as much as eight to ten cents per pound at the wholesale to retail level. In early January it was 42 cents per pound at Toronto and in late May it reached 54½ cents per pound.

In the U.S. during the first quarter of 1973, broiler production was about even with last year. However, during the spring it fell five percent below year earlier levels and is likely to continue below last year until late in the year. The prices have been much better than in 1972. The broiler-feed ratio has been much above last year in spite of a 38 percent rise in the feed cost index. The carlot wholesale price for broilers has varied from 38 cents per pound to 45 cents per pound, but each time the price hits 44-45 cents, the demand fails to clear the marketings. The U.S. outlook is for production to come closer to year earlier levels as the year goes on and maybe exceed them in the last couple of months.



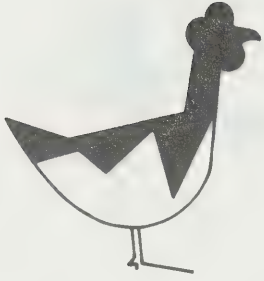
The increased production and high stocks in Canada are conditions not conducive to increased prices particularly in light of any price weakening that may develop in the U.S. market.

#### Turkeys

Broiler turkey marketings for the first five months of 1973 totalled 3,567,000 head, 13.2 percent more than the similar period in 1972 and closer to 1971 levels. Broiler turkey production for the June to September 1973 period is estimated at 3,361,000 head, an increase of 21.1 percent over year earlier level. Stocks have built up from 3.9 million pounds on January 1, to 6.6 million pounds on June 1, 1973. Domestic disappearance is expected to come close to marketings. Prices should remain firm at the present level which is much higher than one year ago.

Heavy hen turkey marketings from January to May are 82 percent greater than a year ago at 587,000 head. During the first half of the year, production is generally light as demand is mostly for Thanksgiving and Christmas. Therefore, this very impressive percentage gain is not very significant. Furthermore, disappearance has been greater than marketings and stocks were down to 3.5 million pounds on June 1, 1973. Marketings from June to September are estimated at two million head or 23.5 million pounds, about seven percent greater than in 1972. It is likely that disappearance will continue strong, so prices should remain firm at a much higher level than last year. Stocks are expected to build up for fall marketings, but they will not be as high as last year.

Heavy tom turkey marketings at 497,000 were 19 percent greater than last year for the January-May period. The marketings forecast for June to October is for 2,812,000 head or 61 million pounds, 12.4 percent more than in the similar period in 1972. Stocks of heavy turkeys dropped from 13.9 million pounds on January 1, to 4.7 million pounds on June 1, 1973. This is a very low level for that period.



Domestic disappearance has been encouraging, although stocks will build up in late summer. Reserves for fall and Christmas will be smaller than last year. Prices are expected to remain strong and even advance to a much higher level than a year ago.

The slaughter of turkeys in the U.S. to May 23, 1973, is 10.8 percent ahead of 1972, but poult placements have been below year earlier levels since January and were six percent below 1972 levels during February and March. Supplies of fryer-roasters (6-9 pounds) and heavy toms (22 pounds and up) have fallen short of the demand. Some movement to the U.S. of live broilers and heavy tom turkeys ready to kill occurred in early June and is expected to continue into the summer months. There is no reliable estimate available of the total movement that will take place. However, any such movement will decrease Canada's already relatively short supply of toms and bring the supply of broilers more in line with demand. This movement, regardless of its ultimate volume, which could be substantial, will assure a strong market for toms and broilers with prices advancing from current levels.

# BROILER CHICKEN PRICES AT TORONTO

(LIVE NO. 1 TO PRODUCERS)

¢/ LB.

30  
29  
28  
27  
26  
25  
24  
23  
22  
21  
20  
19  
18  
17

DEC.

FEB.

APR.

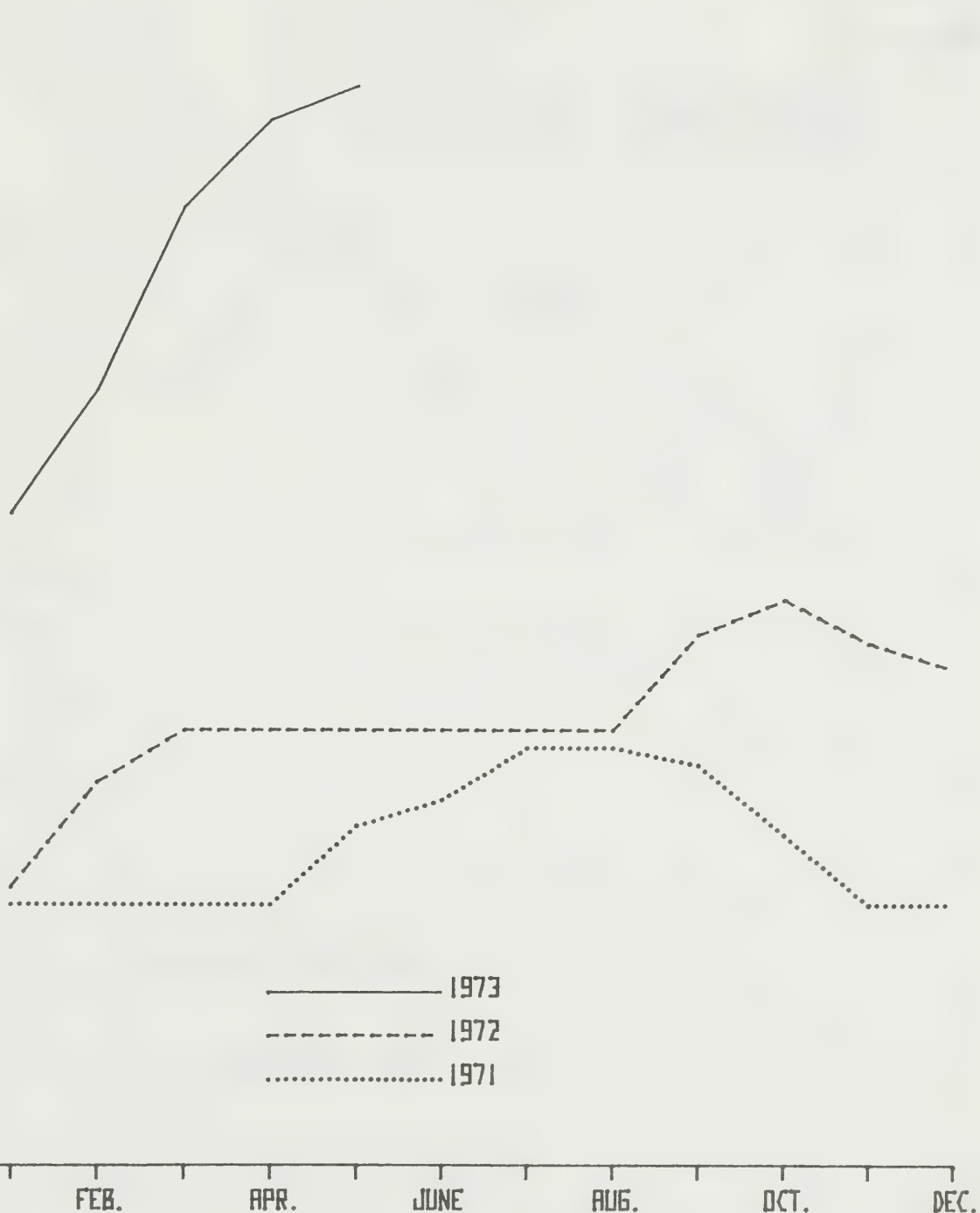
JUNE

AUG.

OCT.

DEC.

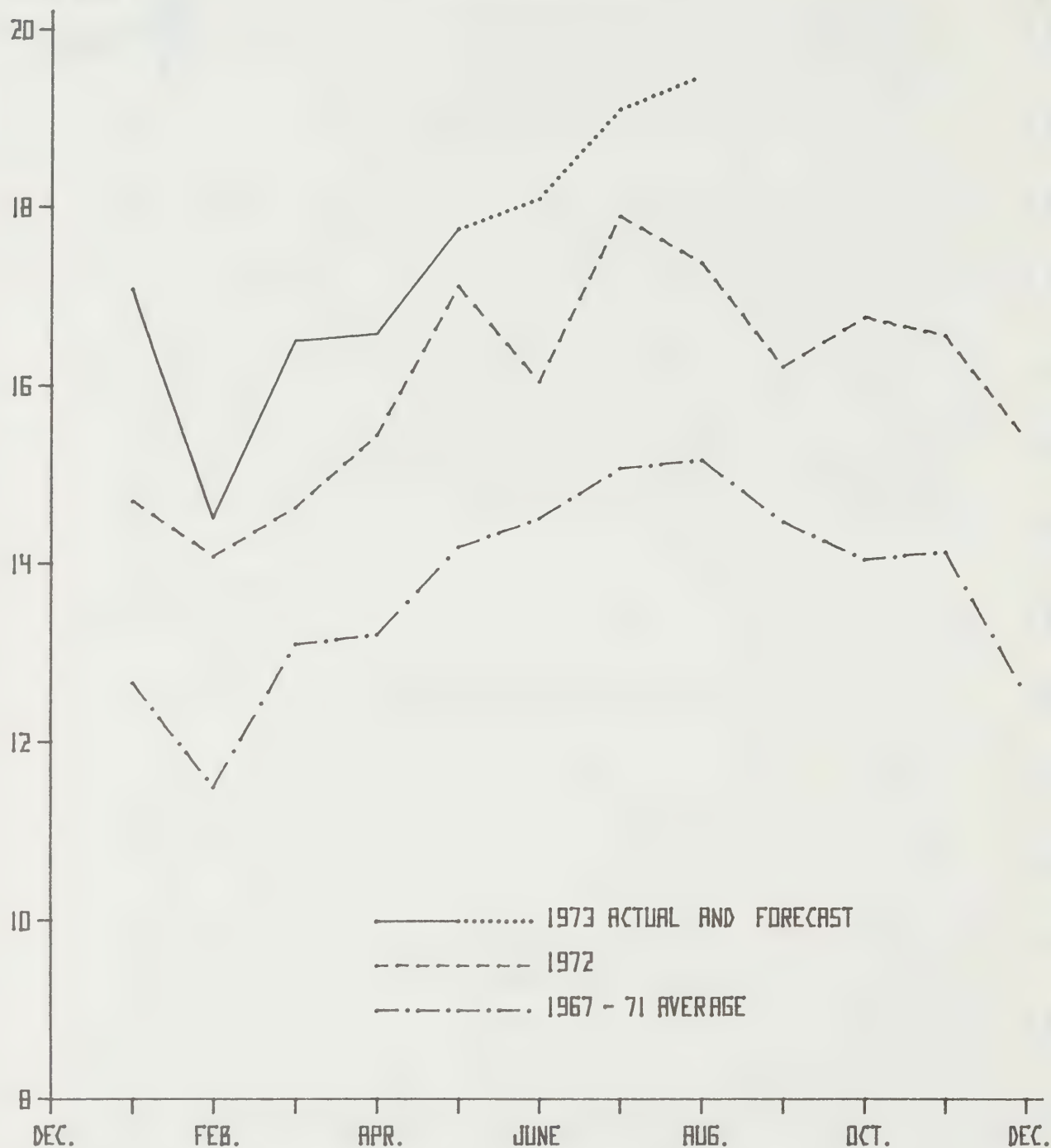
— 1973  
- - 1972  
... 1971





# BROILER CHICKEN MARKETINGS IN CANADA

MILLION HEAD





# FARM INCOME

J.D. Kidd

In 1973, farm cash receipts from the sale of farm products and supplementary payments in Canada will likely increase significantly due to the expected higher average levels of farm prices.

Farm cash receipts from the sale of farm products and supplementary payments in Canada in 1973 will likely total about \$6,400 million compared with the previous record level of \$5,384 million in 1972. This would be an increase of 19 percent. The rising trend of cash inflows to farmers will be mostly due to the sharply higher average levels of farm prices that is expected to prevail during 1973 rather than to larger marketings.

In March, 1973, the index of farm prices (1961 = 100) in Canada had risen to 153, up by 32 points from the level of 121 in March, 1972. Prices advanced still further during April and May, but some easing of price levels could occur in the second half of 1973. If so, the level of farm prices in 1973 will likely average about 20 percent higher than the average level of 128 in 1972.

Higher farm prices in 1973 have been partly due to lower farm production in 1972. The index of farm production fell to 137.4 in 1972, about 10 percent down from the record high level of output of 152.7 in 1971.

The volume of farm marketings in the first half of 1973 has been about the same level as the first half of 1972. Marketings of cattle were up slightly. There was an eight percent increase in the production of poultry meats but a five percent drop in deliveries of hogs. Milk production was down slightly and egg production was unchanged from a year ago. Larger farm deliveries of wheat and oilseeds were partly offset by smaller marketings of feed grains, potatoes and storage vegetables. Consequently, most of the sharp rise in farm cash receipts to \$1,335 million in the first quarter



of 1973 from \$1,088 million in the same quarter of 1972 was due to higher price levels for farm products.

The forecast of farm cash receipts in 1973 of \$6,400 million is dependent upon a continuation of the trends that were evident up to June. However, a number of factors are highly uncertain at this time. Firstly, the prices of many farm products have become unusually volatile because of the tight supply situation. Thus, sharp changes in the price levels for many products are possible during 1973. Secondly, grain marketings by farmers during the third quarter of this year may be lower than in previous months. Thirdly, the level of crop production in 1973 will depend largely upon weather conditions until the crops are safely harvested. Fourthly, it is assumed that no interim payments will be made this year on the 1972-73 western grain pools, and that final payments will be made by the Canadian Wheat Board in 1974.

In 1973, farm operating expenses in Canada will be much higher than in 1972. They will likely total at least \$4,300 million, up by \$500 million from the aggregate level of expenses of \$3,800 million in 1972. The rise will be due mostly to higher prices of farm inputs, but farm production is also expanding.

In February, 1973, the index of prices paid by farmers in Canada rose to 153.2, up 10 percent from the level of 139 a year ago. The prices of all inputs were up, with building materials, feeds, feeder stock and seed experiencing the largest price increases.

Capital spending by farmers began to expand in 1972 according to reports from farm machinery and equipment dealers. Expenditures on new machines may rise to \$600 million in 1973, up by \$100 million in each of the two successive years. Some farmers have experienced delays in filling their orders. The demand for new farm loans is also expected to be high in 1973.

The forecasts of farm operating expenses are based upon the assumption that inflation of farm costs will continue at a rate of about 10 percent in 1973. It also assumes that seeded crop acreages will expand by no more than eight percent from levels a year ago. Because of a relative shortage of farm labour and new farm equipment and because farm machinery and equipment expenditures were sharply curtailed from 1969 to 1971, it may be difficult for production to sharply expand in 1973. Producers require a sustained level of adequate returns to provide funds for investment in larger and improved operations.

Consequently, realized net income from farm operations in Canada in 1973 will likely total about \$2,700 million, up by \$600 million from the level of \$2,100 million in 1972. The concept is equivalent to net cash flow from income as it excludes changes in the values of farm inventories of saleable products. There will not likely be much change in the level of farm inventories of grain at year end unless bumper crops



are obtained. However, livestock inventories are expected to be slightly higher. Thus, farm net income in 1973 could reach the level of \$2,800 million, up sharply from \$1,870 million in 1972. The final outcome for Canadian farmers will depend upon favourable weather and product prices during 1973.

Table 1 - Income of Farm Operators from Farming Operations in Canada,  
Estimates 1966-1970 Average, 1971, 1972 and Forecast 1973

|                                       | 1966-1970<br>Average          | 1971  | 1972  | 1973<br>Forecast |
|---------------------------------------|-------------------------------|-------|-------|------------------|
|                                       | Million dollars <sup>1/</sup> |       |       |                  |
| Cash Receipts                         | 4,263                         | 4,530 | 5,307 | 6,400            |
| Supplementary Payment                 | 25                            | 18    | 77    |                  |
| Income in Kind                        | 486                           | 542   | 552   | 600              |
| Realized Gross Income                 | 4,774                         | 5,090 | 5,936 | 7,000            |
| Operating and<br>Depreciation Charges | 3,303                         | 3,601 | 3,806 | 4,300            |
| Realized Net Income                   | 1,471                         | 1,490 | 2,130 | 2,700            |
| Value of Inventory<br>Changes         | 123                           | 190   | - 260 | 100              |
| Total Gross Income                    | 4,897                         | 5,281 | 5,676 | 7,100            |
| Total Net Income                      | 1,594                         | 1,680 | 1,870 | 2,800            |

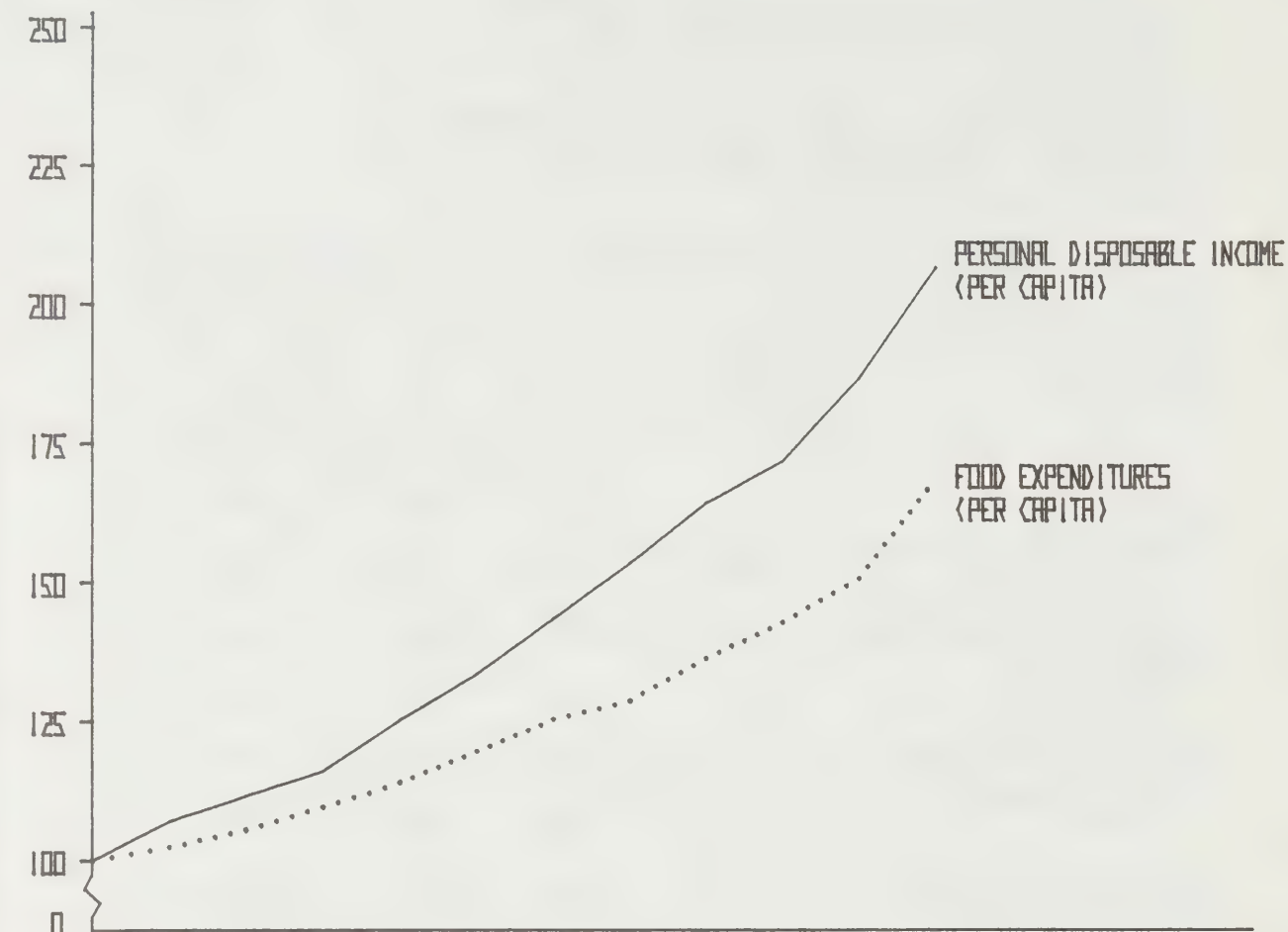
<sup>1/</sup> Rounded.

Source: Statistics Canada.

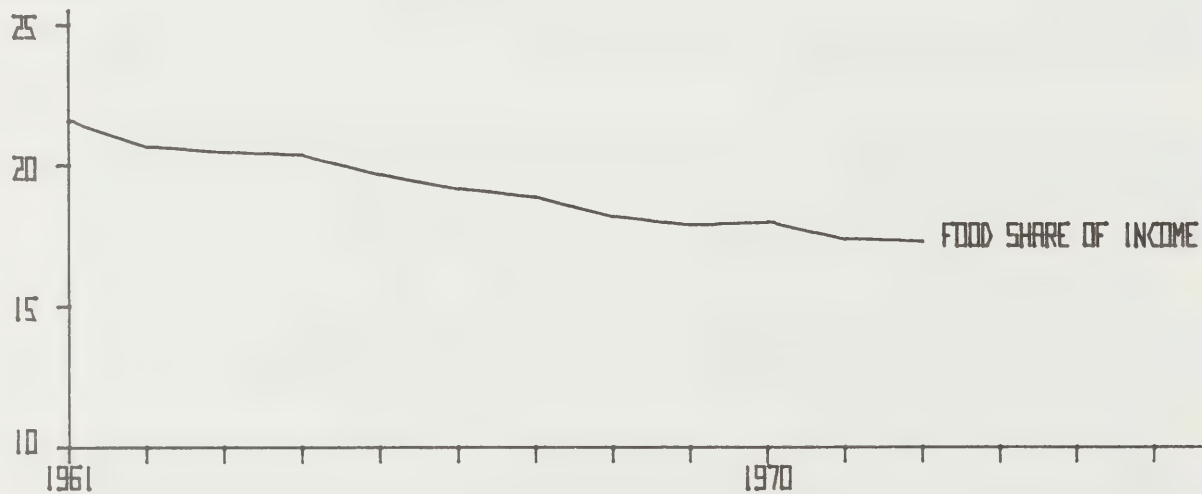


# CANADIAN INCOME TRENDS AND FOOD EXPENDITURES

% OF 1961



PERCENT





# FOOD PRICES

P. Moore

Retail food prices are expected to increase further during the remainder of 1973 but at a slower rate than experienced during the past several months.

Assuming favourable weather, some easing of short food supplies relative to demand is likely during the fall as increased farm production is expected partly as a result of higher farm prices. For the year, retail food prices may average 10 percent above their 1972 level.

The 11.7 percent advance in the food component of the Consumer Price Index, during January-May of this year from its level during the corresponding year earlier period, reflected higher retail prices for practically all food items (Table 1). Sharp advances in livestock related products accounted for most of the increase. As red meat prices surged, consumer demand spread towards other high-protein foods, accelerating price increases for poultry, fish and dairy products. Egg prices advanced the most but were largely recovering from year earlier depressed prices. Pork was also much higher followed by poultry meat, fish, beef, and dairy products. Vegetable prices rose sharply, primarily reflecting reduced domestic supplies while the smaller apple crop throughout North America was an important contributor to the overall increase in fruit prices.

Meat prices are expected to remain above last year's levels throughout the balance of this year. Prices of dairy products will also continue above 1972 levels, but are expected to hold fairly steady. Fresh fruit and vegetable prices will ease this summer if expected larger supplies are realized. Fish prices will continue higher, reflecting strong demand and increased competition for available supplies. Prices of cereal and bakery products are unlikely to show much change, but the higher wholesale prices for coffee now in evidence will be reflected at the retail level.



Retail sales by food stores during 1972, as reported by Statistics Canada, were more than \$8.6 billion, exceeding 1971 sales by 8.8 percent. This year's higher food prices coupled with an expected expansion in the real demand for food could boost retail sales during 1973 to \$9.5 billion.

Table 1 - Canada: Increases in Retail Food Prices.

| Item                       | Annual 1972<br>from<br>Annual 1971 | Jan. - May 1973<br>from<br>Jan. - May 1972 |
|----------------------------|------------------------------------|--|
|                            | - Percent -                        |  |
| All Food                   | 7.6                                | 11.7                                       |
| Food at home               | 7.9                                | 11.9                                       |
| Food away from home        | 6.2                                | 9.7  |
| Beef                       | 9.2                                | 13.7                                       |
| Pork                       | 20.8                               | 26.6                                       |
| Fish                       | 15.0                               | 19.5                                       |
| Poultry Meat               | 14.4                               | 20.7                                       |
| Eggs                       | 8.5                                | 38.0                                       |
| Dairy Products             | 5.5                                | 5.6  |
| Fruit                      | 6.7                                | 12.1                                       |
| Vegetables                 | 7.4                                | 19.2                                       |
| Cereal and Bakery Products | 3.5                                | 5.4  |
| Fats and Oils              | 1.1                                | 0.7  |

Source: Based on Statistics Canada Data.

The rapid acceleration in food prices reflects a considerable imbalance in food supplies relative to demand. Canadian farm production declined 10 percent in 1972 while consumer purchasing power advanced at a sharp pace. Disposable incomes increased, on the average, 10.5 percent over 1971 levels to approximately \$3,000 per capita. In addition to the situation in Canada, increasing prosperity abroad and significantly lower output in many parts of the world have expanded export markets rapidly and resulted in food prices in most industrialized countries rising at least as fast as in Canada.

The increase in food prices reflects in part the advance in farm prices. Between 1961 and 1972, retail food prices increased 38 percent. A similar advance was experienced in the wholesale selling prices of food manufacturers. However, prices received by Canadian farmers during this period increased only 28 percent. On the other hand, in the early months of 1973 farm prices advanced more rapidly. Comparing the first quarter of this year with the



corresponding year earlier period, farm prices increased by 21.2 percent. The increase in retail and wholesale food prices during this period was 10.6 percent and 11.5 percent respectively (see graph on page 52).



The adverse effects of rising food prices on the costs of family living appear to have been offset by the gain in the incomes of most Canadian families (see graph on page 56). In 1972, the proportion of disposable incomes spent on food consumed at home and away from home declined slightly from the average of 17.4 percent spent on all food in 1971. The average outlay on food as a proportion of incomes during 1973 is unlikely to show much change.



# CANADIAN FOOD PRICE INDEXES<sup>1</sup> RETAIL, WHOLESALE AND FARM LEVELS<sup>2</sup>

